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BUDGET AND PERFORMANCE IMPROVEMENT
Internal Audit Division

INTERNAL AUDIT REPORT

TO: Jimmy L. Morales, City Manager
VIA: John Woodruff, Budget and Performance Improvement Director 
FROM: James J. Sutter, Internal Auditor 

DATE: February 11, 2014
AUDIT: Controls for Access Cards Used for City Buildings
PERIOD: October 1, 2009 through April 30, 2012

This report is the result of a regularly scheduled operational audit over the controls for access cards used for City Buildings under the programming control of the Property Management Division. This report does not cover the security access to the Police Department and the Parking Department's Coin Room which are handled separately by these respective departments.

INTRODUCTION

All City employees have employee identification (ID) cards which can be programmed to allow access to selected City buildings. However, not all City buildings are set up to accept access cards for entry into the buildings or departments. The following City buildings have access cards readers under the programming control of the Property Management Division: City Hall, 555 Building, 777 Building, Fire Station #2, Fire Station #3, Fire Station #4, Terminal Island (Fleet and Sanitation Divisions), Scott Rakow Youth Center, City Hall Garage, Historic City Hall, Public Works Yard, Bass Museum, Information Technology (IT) Department, Convention Center and Property Management. Within these buildings, there are different access group zones in which the employees are given access in accordance with their job responsibilities as determined by their department director.

When an employee is hired by the City, the employee is given an employee Identification card which serves as an access card to the department they work in or to other departments if so directed by the department director. The Property Management Division is in charge of ensuring that the employee is given the proper accessibility in accordance with what the department director has indicated on the CMB Identification and / or Access Card form.

PURPOSE

The purpose of this audit is to determine whether sufficient internal controls are in place over access to City Buildings and access thereto is restricted in accordance with management's criteria and that procedures are established, authorized, and maintained in accordance with management's policy.

OVERALL OPINION

While internal controls over access to City buildings have improved, our review of the City's ID/access cards revealed that there are areas in need of improvement.

- Consideration should be given to the Human Resources Department to issue ID/access cards. Operational procedures for ID/access cards need to be established.

Internal Audit Report
Controls for Access Cards Used for City Buildings
February 11, 2014

- The Property Management Division should consider restructuring the city's access zones.
- The Property Management Division should establish better guidelines in processing terminated employees as "inactive" versus "deleted".
- Access listings should be given periodically to all department directors to review for proper access to their respective areas.
- The Human Resources Department should timely collect ID/access cards from terminated employees. The Employee Exit Check List needs to be updated.
- Keys to City offices should be better controlled or phased out in lieu of installation of access pads.

SCOPE

1. Confirm that the City's access card internal control process and implemented segregation of duties are sufficient.
2. Confirm that the access given to employees agrees to those requested/approved by the Department Director.
3. Confirm that policies and procedures over these processes exist and are followed.
4. Confirm that access cards are turned in at the end of employees' employment with the City and deactivated timely.
5. Confirm that any changes made to the employee's ID/access card are authorized in writing by the Department Director.
6. Confirm that restrictions are in place as to limit access to only authorized department personnel after working hours.
7. Confirm appropriate supporting documentation exists for ID/access cards issued.

FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

1. Finding: *City Access Cards Internal Controls Lack of Citywide Standard Operating Procedures*
Employee ID/access card duties are currently shared by several departments; Human Resources, the originating department for requesting employee ID cards, followed by the Police Records Division which issues employee ID cards, and the Property Management Division which programs building access to the employee ID cards.

The Human Resources Department will give newly hired employees a CMB Identification and / or Access Card form to take to the Police Records Division to have their picture taken and the ID/access Card created. The Police Records Division has set aside specific operating hours of Monday, Wednesday or Friday between 9am and 2pm. The Records Division is not to issue an ID/access card unless the form has the proper approvals and is completely filled out. The original form is maintained by the Police Records Division. The Property Management Division will receive via email the completed CMB Identification and / or Access Card form with a front and back copy of the issued employee ID. The Property Management Division will then program the employee ID card in accordance with the stated terms on the CMB Identification and / or Access Card form. In addition, the Property Management Division uses the same form for lost,

Internal Audit Report
Controls for Access Cards Used for City Buildings
February 11, 2014

deteriorated, or replacement ID/access cards.

Internal Audit reviewed this process and noted inefficiencies in the processing of these ID/access cards. In addition, there are no written standard operating procedures concerning the issuance and maintenance of ID/access cards.

Recommendation(s):

In order to gain operational efficiencies, the Human Resources Department should look into purchasing similar equipment to create the ID/access cards which would help minimize the employee lost productivity from having the employee travel to the Police Property Division during their restrictive hours. Meanwhile, Police Department employees can continue to be processed by the Police Records Division. It is further recommended that the CMB Identification and / or Access Card form already signed by the department directors be maintained in the Human Resources' employee files with a copy of the ID/access card. Property Management should only accept the original forms signed by department directors and not copies as the department director may make changes and might feel that the person may not need the same current access. Also, the automation of this process should be explored. The new ID Management System for User Administration implemented by the City's Information Technology Department (I.T.) should be examined to determine if this or a similar system could be implemented to control and process ID/access cards. Finally, citywide standard operating procedures for ID/access cards should be written and distributed.

Management Response (Human Resources):

Human Resources administration agrees with the recommendation to implement the issuance of ID/access cards by the Human Resources Department. The Human Resources Department is of the opinion that all employee ID cards should be issued by the department. The speed with which this can be implemented is dependent upon the resolution of some outstanding matters or the appropriate budgetary allocation to purchase the required equipment.

Staff has already held meetings with internal stakeholders to identify best practices and plan the transition of ID card issuance from the Police Department to Human Resources. Immediately upon assuming responsibility for issuing ID cards, Human Resources will maintain records in individual personnel files as recommended.

Staff in the Human Resources Department is working on a standard operating procedure. In addition to issuing cards during the entire business day rather than during specific hours on selected days, the intent is make this part on the onboarding process more employee friendly. Currently anyone who obtains a new ID card must physically go to the Property Management and Parking Departments to have their cards activated. Human Resources is working with both departments so that when a card is issued, it is also activated without the employee having to go anywhere else. It will be a one-stop shop.

Toward making the onboarding process more user friendly, effective and efficient, the Human Resources Department will also include in its standard operating procedure, the process required to ensure new employees also have their information technology (software/hardware) and other communications devices (telephone) in place and active prior to them reporting to work.

Management Response (Property Management):

The division agrees with the findings and recommendations. Original forms signed and dated by the Director will ensure information is current and authentic. Property Management and Human

Internal Audit Report
Controls for Access Cards Used for City Buildings
February 11, 2014

Resources will engage the IT department to examine the automation aspects of the process. Once all aspects of the process are determined and agreed upon, procedures will be developed and distributed to all departments.

2. Finding *Listing Access Discrepancies per zone.*

Currently, the Property Management Division has all of the ID/access cards programmed by zones. Over time, many zones were created for the various City buildings and separate areas within these buildings according to the Property Control Coordinator which are confusing and unnecessary but continue to be recorded on the access card system. For example, a master system report was received containing employee names and access capabilities to the City departments and City buildings. Subsequent testing found that a total of 13 employees were not in the correct home department which provides them with access to other departments or areas that are not warranted.

Recommendation(s)

The Property Management Division should review all zones and determine which ones could be eliminated. Where necessary, the zones should be renamed in accordance to the department with specific general zones where every employee is allowed to have access. In addition, a listing of all employees should be provided by the Property Management Division to the department directors for their review to ensure that all individuals that have access to their departments during and after normal working hours have been approved.

Management Response (Property Management):

The division agrees with the findings and recommendations. All zones will be reviewed in an effort to consolidate the same. Each zone will be given a name in accordance with the department to include specific general zones where every employee is allowed access. Once these zones are determined, a listing of all employees that has access to their department during and after hours is reviewed and approved by the department director.

3. Finding: *City Identification/Access Card deactivation*

Once an employee leaves or is terminated from the City, Human Resources notifies the Property Management Division to deactivate the employee access card via several methods. Employees' termination reports containing names and ID numbers to be deactivated are forwarded biweekly to the Property Management Division. If it is an emergency, the Property Management Division is notified via email or called by the department director or Assistant City Manager, to have the employee deactivated immediately.

A random selection of 50 employee names were selected out of the 627 names listed on the termination reports and traced to the inactive listing provided by the Property Management Division to verify that all terminated employee names were inactivated. However, difficulties were encountered in tracing all of the names to the inactive list. After speaking to Property Control Coordinator, the reason is once the person has been deactivated and then deleted there is no report that can be run with deleted names. In lieu of this testing, the employees on the termination list were traced to the active list to determine whether they were still active. None of the inactive employees tested were listed in the active listing.

Recommendation(s)

Property Management Division should work with the vendor to ensure that records are available for all employees accessing all areas for at least three years. Procedures should be developed by Property Management as to how to properly record "inactive" verses "deleted" employees. These reports should be kept for future reference and audits. In addition, any other concerns

regarding the access card system should be addressed.

Management Response (Property Management):

The division agrees with the findings and recommendations. Property Management will work with the Vendor to address maintaining and ensuring availability of records for all employees accessing all areas for a period of at least three years. Procedures will be developed to properly record and warehouse records naming "inactive" status vs. "deleted" status for employees. In addition, Property Management will work with the Vendor to address all other areas of concern regarding the card access system.

4. Finding: *Access to City Departments*

A listing of all City employees was traced to the active access list from the Property Management Division and the employee's access to their individual department as well as to City Hall was verified. We randomly selected 50 of 520 employees and traced the employee's names from the Human Resources listing to the Active Access Listing for April 2012. Fifteen of the employees were not found in the active list but were in the termination listing, six had access to City Hall in accordance with the Directors original request, and twenty-nine had access to City Hall only during regular working hours. It was also noted that prior to April 2012 employees who has access to City Hall 24/7 also had access to the City Manager's Office. However, changes were made to limit some individuals' access to the City Manager's Office from only 8:30am to 6:00pm while others were authorized by the City Manager or his designee to have access 24/7. No other exceptions were noted. All City departments should restrict access to only authorized individuals that need access.

Recommendation(s)

The Property Management Division should periodically provide access listings to all department directors to review for proper access to their respective areas. This should include providing a report to the City Manager or designee to ensure that only authorized employees have access to that location for the 24/7 authority.

Management Response (Property Management):

The division agrees with the findings and recommendations. Once procedures are defined and agreed upon, Property Management will periodically provide access listings to all department directors to review for proper access to their respective areas. Property Management will submit to the City Manager or designee a report defining entrance by authorized employees to the City Managers suite on a periodic basis.

5. Finding *Employee Exit Conferences*

The Human Resources Department has exit meetings with employees prior to their leaving City employment. This meeting might take place two weeks before or the same day of their departure date. Currently, there is a CMB Employee Exit Checklist form of all the items that employees must return to the City prior to leaving. We took a sample of fifteen employees and the following was observed. The Human Resources Department leaves it up to the individual department to collect the employee ID/access card, along with other items such as telephones and computers. There were times in which the department does not return the employee's ID/access card to the Human Resources.

Recommendation

Employee ID/access card items should be collected by Human Resources at time of the exit meeting. A copy of the checklist with all items returned should be kept in the employee's file, along with the employee id/access card. Item such as computers, cellular phones and other

items that belong to the Information Technology Department should be collected by the employee's department and returned, all police officer items should be collected by the Police Department and the ID/access card sent to the Human Resources Department. Another suggestion might be if the individual department would like to continue covering the checklist with the employee, then a Human Resources employee should be at that exit meeting collecting those items required by their department

In addition, the Employee Exit Check List needs to be updated since some of the individual items have changed.

Management Response (Human Resources):

The Human Resources Department is in agreement with the recommendation to update the check list and will take immediate action to do so. Currently ID cards are shredded but in the future a copy will be made and placed in the exiting employee's personnel file.

The recommendation that a Human Resources representative be present at the exit meeting where items are recovered by the department is accepted to the extent that staffing allows such participation. Additionally, a standard operating procedure will be developed to ensure departmental representatives are aware of their respective roles in the employee exit process. The individual department needs to retain responsibility for recovering City equipment issued by the department and other items such as, but not limited to, keys, cell phones, credit cards, business cards, tape records and video recorders. Human Resources staff may not be privy to the fact that these were issued, therefore, is not in a position to ensure they are recovered.

6. Finding *Keys to City Offices*

Currently all offices in City Hall have keys to the front door of their department. In conversation with Property Management, they have no comprehensive listing of which employees have keys to departments, because keys were given to those who were requested by the employee's department director. This may have resulted in keys being issued to all within a particular department. Recently some departments have had the keys replaced and Property Management Division has kept records as to who has keys to those areas.

Recommendation

When an employee leaves employment with the City, the department director or Human Resources Department should ensure that any issued keys are returned. In addition, it might be an option for all departments to utilize access pads rather than keys for access to their department. This serves as security for after hours and it will eliminate issuing or replacing keys every time a new employee is hired or the key is lost. Keys to City buildings should be restricted and only issued to necessary employees and vendors. Guidelines should be established on who should be issued keys to City buildings. In addition, a master listing should be prepared for those individuals who currently have City keys.

Management Response (Human Resources):

The Human Resources Department is in agreement with this recommendation and included related comments in its response to finding number 5.

Management Response (Property Management):

The Division agrees with the findings and recommendations. The long term goal for the City should be through the use of a card access system. In the interim, Keys to City buildings should be restricted and issued to necessary employees and vendors. Guidelines must be established on who should be issued keys and how this process will be executed through the City. Last,

Internal Audit Report
Controls for Access Cards Used for City Buildings
February 11, 2014

Property Management will begin to document all key request, specifically, who the keys were issued to and who approved the same. This information should prove useful when an employee leaves the employ of the City and the City requires keys returned upon departure.

EXIT CONFERENCE

A meeting was held to discuss the audit report and to solicit management responses noted above. Attendees were Kathie Brooks, Assistant City Manager, Sylvia Crespo-Tabak, Human Resources Director, Anthony Kaniewski, Property Management Division Director, James Sutter, Internal Auditor and Laura Franco-Rubines, Assistant Internal Auditor. Management responses were subsequently received and incorporated within the report. All were in agreement with the contents of this report.

(Audit performed by Laura Franco-Rubines, Assistant Internal Auditor)

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cc: Kathie G. Brooks, Assistant City Manager
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