



Audit Committee Meeting
October 25, 2018 @ 3:00pm
1st Floor – LaFayette Room
433 Hay Street, Fayetteville, NC 28301

AGENDA

1. Call to Order
2. Introduction of New Internal Audit Team Member
3. Approval of Agenda
4. Approval of Meeting Minutes
5. Discussion of Appointment of Officers
6. Amendment to Audit Committee By-Laws
7. Request Special Meeting for the purpose of RSM presenting the FY2017-2018 Financial Audit (*Requested by Jay Toland, Interim Chief Financial Officer*)
8. Quarterly Management Implementation Status Report
 - a. Permitting and Inspections Audit update (*Presented by Michael Martin, Assistant Development Services Director*)
9. Internal Audit Activities (*Presented by Elizabeth Somerindyke, Internal Audit Director*):
 - a. City-wide Travel and Training Compliance Audit Follow-up (A2017-01F)
10. Other Business
 - a. Annual Audit Plan Proposed Engagements for FY2019
 - b. Internal Audit Annual Report FY2018
 - c. Nominate Presenter for Audit Committee Annual Report to City Council
11. Adjournment

Attachments:

- a) Meeting Minutes – June 26, 2018
- b) Amendment to Audit Committee By-Laws
- c) Quarterly Management Implementation Status Report 4th Quarter FYE18
- d) City-wide Travel and Training Compliance Audit Report A2017-01F
- e) Annual Audit Plan FY 2019
- f) Internal Audit Annual Report FY 2018

433 Hay Street
Fayetteville, NC 28301-5537
(910) 433-1672 | (910) 433-1680 Fax
www.cityoffayetteville.org

**AUDIT SUBCOMMITTEE QUARTERLY MEETING MINUTES
LAFAYETTE CONFERENCE ROOM, 1ST FLOOR
CITY HALL, 433 HAY STREET, FAYETTEVILLE
TUESDAY, JUNE 26, 2018
3:30 P.M.**

Committee Members Present: Council Member Dawkins
Council Member Crisp
Mr. Glenn Goldsmith
Council Member Wright
Mr. Wade Fowler (arrived at 3:45 p.m.)

Others Present: Council Member Waddell (departed at 4:15 p.m.)

Staff Present: Elizabeth Somerindyke, Internal Audit Director
Rose Rasmussen, Senior Internal Auditor, Internal Audit
Tracey Carraway, Internal Auditor, Internal Audit
Douglas Hewett, City Manager
Kim Toon, Purchasing Manager
Jay Toland, Interim Chief Financial Officer
Gina Hawkins, Police Chief
Telly Whitfield, Assistant City Manager
Karen McDonald, City Attorney
Michael Martin, Deputy Development Services Director
Jennifer Ayre, Deputy City Clerk (departed at 4:15 p.m.)

1. Call to Order

Council Member Wright called the meeting to order at 3:42 p.m.

Mr. Hewett introduced the committee and staff members present.

2. Approval of Agenda

MOTION: Council Member Dawkins moved to approved the agenda

SECOND: Mr. Goldsmith

VOTE: UNANIMOUS (4-0)

**3. Approval of Minutes
February 1, 2018**

MOTION: Council Member Crisp moved to approved the minutes

SECOND: Council Member Dawkins

VOTE: UNANIMOUS (4-0)

4. Discussion of Appointment of Officers

Mr. Crisp requested this discussion should be deferred due to the absent members. Ms. McDonald stated it is the option of the committee to defer. Council Member Wright agreed that they should wait until Dr. Jackson is present.

MOTION: Council Member Crisp moved to defer the appointment of officers until the next meeting

SECOND: Council Member Dawkins

VOTE: UNANIMOUS (5-0)

Ms. Somerindyke stated the next meeting is currently scheduled for July. She asked if the Committee would like to reschedule until August 23, 2018. **Committee consensus was to reschedule.**

5 Internal Audit Activities

a. Police Department's Evidence and Property Management Compliance Audit 2018-01

Ms. Somerindyke provided background on the Police Department request to have a Confidential Funds Compliance Audit and procedure of how the audit was completed.

The operating procedures were reviewed, staff was interviewed, gained understanding of the Record Management System (RMS) and Commission on Accreditation for Law Enforcement Agencies (CALEA) standards. Site visits and security reviews were done of the Property and Evidence department. Multiple samples from different areas of the Property and Evidence department were reviewed.

Finding 1: The Fayetteville Police Department was not always in compliance with applicable procedures and North Carolina General Statues

Ms. Somerindyke stated seven recommendations were made to management for establishing internal controls to ensure personnel are in compliance with North Carolina General Statues and operating procedures

Management did concur with the recommendation.

Discussion ensued.

Finding 2: The data maintained within the Record Management System was unreliable

Ms. Rasmussen stated four recommendations were made to ensure complete inventory into the records system and updating operating procedures.

Management did concur with the recommendations with reservations on recommendation 2.1 and 2.4. The reservation for 2.1 is due to the Police Department is reviewing the option of having currency kept in a financial institution. The reservation for 2.4 is due to reviewing the cost associated with having a vendor come in and assist with the "clean up" of data in the RMS.

Discussion ensued.

Finding 3: Internal Controls need strengthened

Ms. Somerindyke stated three recommendations were made to implement internal controls within RMS

Management did concur with recommendations 3.2 and 3.3. They did not concur with 3.1 and were in total disagreement with the recommendation.

Finding 4: Items were not located.

Ms. Rasmussen stated three recommendations were made to locate where missing items are and how non-located items are addressed.

Management did concur with the recommendations.

Discussion ensued.

Finding 5: Procedures were not always clear and consistent with current processes

Ms. Somerindyke stated six recommendations were made to improve operating procedures.

Management did concur with the recommendations.

Finding 6: Potential safety concerns may exist in the Property and Evidence Unit

Ms. Rasmussen stated there was one recommendation to ensure operating procedures were updated for biohazard labeling and food and beverage storage.

Management did concur with the recommendation.

Discussion ensued.

Finding 7: Security over property and evidence could be improved

Ms. Somerindyke stated two recommendations were made to ensure adherence to CALEA Standards.

Management did concur with the recommendations.

Council Member Crisp requested management set realistic timelines on implementing the recommendations.

Finding 8: Property and evidence was not always submitted to the Property and Evidence Unit timely

Ms. Somerindyke stated one recommendation was made.

Management did concur

Finding 9: Controls could be strengthened for the disposal of narcotic property and evidence and Finding 11: Operating procedures for disposals lacking necessary internal controls needed clarity to ensure compliance and required updating for consistency with the North Carolina General Statues.

These two findings were combined together during the meeting due to time constraints and likeness of subject matter.

Ms. Somerindyke stated one recommendation was made for Finding 9 and six recommendations were made for Finding 11.

Management did concur with all recommendations.

Finding 12: Property and evidence levels have been increasing and without improvements to facilitate evidence disposition; storage space will soon be depleted.

Ms. Rasmussen stated 1 recommendation was made due to the high levels of property and evidence being stored.

Management did concur with the recommendation.

Ms. Somerindyke stated there will be a follow up audit of the identified areas in 2019.

Mr. Fowler and Council Member Crisp thanked Chief Hawkins for requesting the audit and hopes the audit will be a help to addressing the areas of concern.

MOTION: Mr. Fowler moved to accept the Police Department Evidence and Property Management Compliance Audit 2018 – 01

SECOND: Mr. Goldsmith

VOTE: UNANIMOUS (5-0)

6 Quarterly Management Implementation Status Report

No presentation. For information purposes only.

7 Adjournment

There being no further business, the meeting adjourned at 5:02 p.m.

Respectfully submitted,

JENNIFER L. AYRE
Deputy Clerk
062618

LARRY O. WRIGHT, SR.
Council Member, District 7



MEMORANDUM

October 25, 2018

TO: Audit Committee Members

FROM: Elizabeth Somerindyke, Internal Audit Director

RE: Amend Audit Committee By-Laws

The Audit Committee By-Laws, adopted January 26, 2017, reflects the following:

“The Mayor shall serve as the Chairperson.”

Currently, the Mayor is not serving on the Audit Committee. Therefore, Internal Audit recommends the Committee approve an amendment to the Audit Committee By-Laws by removing this requirement.

Attachment: Revised By-Laws with changes incorporated.

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City of Fayetteville
AUDIT COMMITTEE
Fayetteville, North Carolina

By-Laws

ARTICLE I

PURPOSE

SECTION 1. The Audit Committee has been established as an advisory committee whose primary purpose is to assist the City Council in fulfilling its oversight responsibilities for the overall stewardship of the City's financial affairs.

The responsibilities of the Audit Committee shall be:

- a) Review and reassess the adequacy of this Charter at least every two years, with any revision submitted to the City Council for approval.
- b) Provide an avenue of communication among the City Council, city management, internal audit, and the independent auditors.
- c) Ensure the City's internal control systems are in place and implemented, including information technology security and control.
- d) Ensure City management implements internal audit report recommendations.
- e) Approve the annual audit plan and all major changes to the plan.
- f) Review the internal audit charter, activities, staffing, and organizational structure of the internal audit function with the City Manager and the Internal Audit Director and recommend any changes to the City Council.
- g) Submit an Annual Report of Audit Committee actions and recommendations to the City Council.
- h) Recommend to the City Council the selection of the independent auditors.
- i) Continually evaluate the independence of the independent auditors.
- j) Review the City's CAFR, management letter and management's response and forward findings to the City Council.

ARTICLE II

MEMBERSHIP

SECTION 1. The City Council of the City of Fayetteville shall appoint three City Council members, one member from the Fayetteville Public Works Commission and two members of the business community to be voting members of the Audit Committee. The City Manager and Internal Audit Director shall be an ex-officio non-voting member of the Audit Committee.

SECTION 2. Members from the business community shall be appointed for a term of two years. The member from the Fayetteville Public Works Commission shall be appointed for a two year term. The terms of the City Council members shall be appointed for a two year term consistent with their terms of election.

ARTICLE III

OFFICERS

SECTION 1. *Enumeration of Offices* The officers of the Committee shall be a Chairperson and Vice-Chairperson. ~~The Mayor shall serve as the Chairperson.~~

SECTION 2. *Election of Officers and Term of Office.* The officers shall each be elected at the regularly scheduled meeting held in July, take office immediately upon election, and serve a one year term or until a successor is elected at the subsequent years quarterly meeting held in July.

SECTION 3. Vacant terms of officers may be filled through action taken by the Committee. An officer appointed to fill a vacancy shall be appointed for the unexpired term of his predecessor in office.

SECTION 4. The Chairperson shall preside at all meetings of the Committee and perform such other duties as may be directed by the Committee.

SECTION 5. The Vice Chairperson shall serve as the Chairperson in the absence of the Chairperson.

SECTION 6. The officers shall serve without compensation for their services.

ARTICLE IV

RESIGNATIONS

SECTION 1. In the event that a member chooses to resign from the Audit Committee, such member should notify the Chairperson, in writing. The Chairperson will then immediately notify the members of the Committee of any such resignations. The resignation shall be effective when the notification is received by the Chairperson unless the notification specifies a later time.

ARTICLE V

QUORUM

SECTION 1. Four members, excluding the City Manager and Internal Audit Director, shall constitute a quorum.

ARTICLE VI

MEETINGS

SECTION 1. *Regular Meeting.* A regular meeting of the Committee shall be held quarterly on the fourth Thursday during the months of January, April, July, and October at a time and place to be designated by the Committee. All meetings will be open to the public, to the extent required by North Carolina General Statute 143-318.10.

SECTION 2. *Special Meetings.* Special meetings may be called by the Chairperson, or the Vice Chairperson in the absence of the Chairperson, as deemed necessary or desirable. All Special Meetings will be noticed in accordance with North Carolina General Statute.

SECTION 3. The Deputy City Clerk will keep minutes of each meeting and offer them for Committee approval as the first item on the subsequent meeting agenda. The minutes should be distributed to Committee members in draft form within a reasonable time after the meeting and in advance of the subsequent meeting. A copy of the approved minutes will be submitted to the Office of Internal Audit.

SECTION 4. The Chairperson shall approve an agenda in advance of each meeting. The Committee may request any employee of the City or the independent auditors to attend a meeting of the Committee.

ARTICLE VII

AMENDMENTS



MEMORANDUM

October 25, 2018

TO: Audit Committee Members

FROM: Elizabeth Somerindyke, Internal Audit Director

RE: Quarterly Management Implementation Status Report

PURPOSE OF REPORT

The attached report provides members of the Audit Committee with an update on the progress of management’s implementation of recommendations made by the Office of Internal Audit. Departmental management updates will be provided quarterly at each regularly scheduled Audit Committee Meeting.

The short summary of the progress updates is provided to allow a quick assessment for all recommendations. The attached report represents updates given by management on the progress made to implement Internal Audit’s recommendations. Except as otherwise noted, no assessment on the progress of the recommendations has been performed by the Office of Internal Audit.

We welcome any questions, suggestions or recommendations for improving this report to enhance your ability to monitor the effective implementation of recommendations.

RECOMMENDATIONS

This information will not be presented. However, we encourage Committee Members to prepare questions and comments on this report prior to the Audit Committee Meeting for discussion with departmental staff at the meeting. Staff from the Permitting and Inspections, Information Technology, Finance and Police Departments have been requested to attend.

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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018 - 2019 (1st Quarter)

<u>Audit Title</u>	<u>Date Released</u>		<u>Accepted</u>	<u>Implemented</u>	<u>Recommendations</u>	
					<u>Implemented</u>	<u>Partially Implemented</u>
Permitting and Inspections A2016-02	October 2016	35	35	34	1	0
Contract Practices and Procedures A2016-06	October 2017	3	3	0	3	0
Police Department Confidential Funds A2018-03	February 2018	2	2	0	2	0
Evidence and Property Management A2018-01	June 2018	37	36	4	4	28

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

1	<p>Permitting and Inspections management should perform a self-assessment of internal controls. Once risk areas are identified, steps should be taken to correct control deficiencies so departmental objectives are achieved and departmental responsibilities are met. Identifying risks and implementing control procedures will not protect assets and produce reliable information if personnel are not following established procedures. To ensure that controls are effective, Permitting and Inspections management should regularly review available documentation to confirm controls are being executed as designed. All documentation should be reviewed and signed off on by a supervisor to ensure completeness and accuracy. In addition, the self-assessment of internal controls should be performed periodically to address additional control deficiencies as they arise.</p>	<p>Workflow processes will be mapped and application-specific permitting procedures will be identified and placed in a checklist format that will be included in a manual of standard operating procedures. Weekly testing by the Building Official, Inspection Supervisors, and the Senior Administrative Assistant will be conducted and documented to identify any risk areas and to correct control deficiencies. Follow-up training will be provided in areas where control problems are identified.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already</i></p>	<p>Implemented</p> <p>Findings #1 and #2 are considered by management to be the capstone of the internal audit reconciliation program, as these two findings culminate the requirements for internal policies/procedures, and the periodic self-assessment.</p> <p>Implementation Date: 10/1/2018</p>	<p>Partially Implemented</p> <p>Findings #1 and #2 are considered by management to be the capstone of the internal audit reconciliation program, as these two findings culminate the requirements for internal policies/procedures, and the periodic self-assessment.</p> <p>As soon as the remainder of the findings have been remedied, Findings #1 and #2 will be considered fully implemented.</p> <p>Revised Implementation Date: 9/30/2018</p>
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
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A2016-02 Permitting and Inspections				
		<p><i>identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Building Official; Senior Administrative Assistant</p>		
2	<p>Written policies for the Permitting and Inspections Department should be developed to set forth requirements; to ensure consistency and reliability of information; provide adherence to laws and regulations, and include provisions for performance measure collection, calculation, review and reporting. The procedures should be updated and include sufficient information to allow an individual who is unfamiliar with the operations to perform the necessary activities. Policies and procedures should be</p>	<p>A comprehensive review of the existing Standard Operating Procedures for both the Permitting and Inspections divisions is currently underway because of major adjustments to procedures and work flows resulting from a substantial effort to simplify procedures and to more fully implement Cityworks, including the scheduling and online permit application functions. Upon completion of the review and revisions, each division's procedural manuals will include step-by-step instructions and</p>	<p>Implemented</p> <p>Findings #1 and #2 are considered by management to be the capstone of the internal audit reconciliation program, as these two findings culminate the requirements for internal policies/procedures, and the periodic self-assessment.</p> <p>Implementation Date: 10/1/2018</p>	<p>Partially Implemented</p> <p>Findings #1 and #2 are considered by management to be the capstone of the internal audit reconciliation program, as these two findings culminate the requirements for internal policies/procedures, and the periodic self-assessment.</p> <p>As soon as the remainder of the findings have been remedied, Findings #1 and #2 will be considered fully implemented.</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

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A2016-02 Permitting and Inspections

	<p>revised to account for any changes in business processes. This is particularly important when new systems are developed and implemented or other organizational changes occur.</p>	<p>resources in order for existing and new staff to effectively perform their daily functions. This effort will take some time as it will require coordination with two vendors, in addition to multiple departments. Similarly, departmental policies will be developed in conjunction with this effort to govern issues identified in this Compliance Audit in Recommendations 1, 3 7, 9, 16, 20, 22, 26, 29, 31 and 32.</p> <p>The ultimate plan will be to expand this initiative to the inter-departmental level, with policies and procedures in place in order to provide consistent and positive customer service that is seamless across departmental lines. This will be pursued after the development of department policies and procedures and is not considered a direct response to this Audit.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL</i></p>		<p>Revised Implementation Date: 9/30/2018</p>
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

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A2016-02 Permitting and Inspections				
		<p><i>software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Senior Administrative Assistant (for Permitting); Building Official (for Inspections)</p>		
3	Permitting and Inspections management should take specific measures to comply with records retention rules as governed by North Carolina General Statutes, North Carolina State Building	A departmental policy has been drafted to provide clear guidance to all staff members with regard to relevant records retention matters. Documentation of records retention will be consistent with State law	<p>Implemented</p> <p>Our current operating practices have been revised and a department-specific records policy has been developed.</p>	<p>Partially Implemented</p> <p>Our current operating practices have been revised and a department-specific records policy has been developed. We</p>

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A2016-02 Permitting and Inspections

	<p>Code; North Carolina Department of Cultural Resources Records Retention and Disposition Schedule, Fayetteville City Code, and City of Fayetteville Policies. Procedures should be outlined for retaining all supporting documentation and where the documentation will be kept taking into account records retention rules. Cityworks electronic files should be updated to include all available documentation not yet attached to a permit file within the system.</p>	<p>and City policy and will be managed by the Senior Administrative Assistant. Permission to utilize digital records as the primary method of retaining documents for building permit applications, building permits, construction plans, and associated correspondence will be sought from the NC Division of Cultural Affairs. Assuming permission is granted, hardcopy applications, plans, and correspondence will be retained in Permitting and Inspections Department files until testing confirms the security and accessibility of digital records in the Cityworks system and/or the records retention dates are exceeded.</p> <p>If permission is not granted by the NC Division of Cultural Affairs for digital records retention, hardcopy files will be retained in Permitting and Inspections Department files or in remote file storage in accordance with departmental policy.</p>	<p>Implementation Date: 10/1/2018</p>	<p>are currently training staff for full consistent implementation of the policy.</p> <p>Revised Implementation Date: 9/30/2018</p>
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

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A2016-02 Permitting and Inspections				
		<p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Senior Administrative Assistant</p>		
4	To ensure compliance with the Fayetteville City Code, senior management should consider reorganizing the structure of the Permitting and Inspection and the Planning Services and Code	The NC Building Code must be interpreted by someone certified to perform such interpretations, but this training may not qualify the individual to manage the enforcement of City codes	<p>Implemented</p> <p>As of 8/31/2017, this recommendation has been fully implemented.</p>	<p>Implemented</p> <p>As of 8/31/2017, this recommendation has been fully implemented.</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
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A2016-02 Permitting and Inspections

	<p>Enforcement Departments so the Permitting and Inspections Director oversees all matters related to interpretation and enforcement of North Carolina State Building Code, to include (if applicable) zoning, building plan review, permits, inspections and code enforcement, as provided in the Fayetteville City Code.</p>	<p>regarding code enforcement and zoning. We believe it is imperative that the management of these related functions should be centralized to enhance customer service but such centralization may not be best handled through the structure proposed by Internal Audit due to the complex nature of the various laws and codes. Once a determination is made regarding reorganization, the PCE Director will take responsibility for amending the City Code as needed to reflect the organizational structure as necessary.</p> <p>As of November 15, 2016, departmental personnel will coordinate all NC Building Codes through the City’s Building Official. A review of the City’s entire development review process will be conducted on the organizational structure and an implementation of the recommendation is anticipated to be completed in early 2017 with the</p>		
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

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A2016-02 Permitting and Inspections

		<p>FY18 budget.</p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: City Manager</p>		
5	<p>Permitting and Inspections personnel should ensure compliance with the Fayetteville City Code Chapter 7, Building Code, Part II, Article III Enforcement, Section 7-62(a)(1) Permits Required, by requiring a bond be posted at the time of demolition permit application. Additionally, the City Code should be updated to define the amount of the bond, whereas; currently the amount is defined as “good and sufficient”.</p> <p>However, if Permitting and Inspections management determine bonding requirements for demolition permits are not required as provided in the Fayetteville City Code Chapter 7, Building Code, Part II, Article III Enforcement, Section 7-62(a)(1)</p>	<p>The City Code provides for a requirement that is no longer generally needed. Small-scale demolitions are currently managed through contracts that require the contractor to carry liability insurance sufficient to cover any claims that result. We will propose revising the City Code to delete the bonding requirements except in unusual circumstances, such as where the structure to be demolished shares a common wall with another structure or for larger projects that go through the formal bid process.</p> <p>Implementation Date: 4/30/2017</p> <p>Responsible Party: Planning and Code Enforcement Director</p>	<p>Implemented</p> <p>Our internal processes and ordinances have been and are currently being modified to reflect the chance in the code of ordinances.</p> <p>To limit the individual discretion to the maximum limit as possible, an internal policy has been developed to provide guidance on when bonds (in general) may be required.</p>	<p>Implemented</p> <p>Our internal processes and ordinances have been and are currently being modified to reflect the chance in the code of ordinances.</p> <p>To limit the individual discretion to the maximum limit as possible, an internal policy has being developed to provide guidance on when bonds (in general) may be required.</p>

**Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)**

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A2016-02 Permitting and Inspections

	Permits Required, then the Fayetteville City Code should be updated to reflect current requirements.			
6	Internal Audit recommends the Permitting and Inspections Department work with the Information Technology Department to develop and implement a process to ensure certificates of occupancy/compliance are not issued prior to all inspections being documented as finalized. Permitting and Inspections management should also streamline and automate documentation for certificate of occupancy and certificate of compliance and encourage appropriate utilization of automated resources to promote efficiency and accountability in the inspection approval process for temporary and final certificates of occupancy and certificates of compliance.	While report creation is part of the Information Technology Department’s top priorities for Cityworks “fixes,” locking out the report is a customization that will require additional funding to complete. Information Technology has completed the process of watermarking the reports in question with a watermark that says INVALID if the report is printed before all the required inspections, payments, or documents are completed. <i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another</i>	Implemented The process-related component of this finding has been revised with the marking of all invalid permits. The procedural component has been implemented by development of a policy on how staff is to mitigate permits that have expired or are invalid.	Implemented The process-related component of this finding has been revised with the marking of all invalid permits. The procedural component has been implemented by development of a policy on how staff is to mitigate permits that have expired or are invalid.

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

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A2016-02 Permitting and Inspections				
		<p><i>PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 11/30/2016 (workaround) TBD ultimate resolution</p> <p>Responsible Party: Information Technology Information Manager</p>		
7	The Permitting and Inspections Department should ensure compliance with North Carolina General Statutes and the North Carolina State Building Code and create formal procedures for the certificate of compliance and certificate of occupancy process.	Management has reached out to the Supervisor of the Code Inspections Section of the Department of Insurance for clarification on this finding. Section 204.8 Certificate of Compliance of the Administration Code gives a guideline for issuing Certificates of Compliance and Certificates of Occupancy. The Inspections Department is meeting all requirements for the issuance of Certificate of Compliance for	<p>Implemented</p> <p>While this recommendation was implemented by verification with the North Carolina Department of Insurance, the recent organizational change has led us to re-examine the issuance of C/O's and other types of occupancy allowances.</p> <p>Internal policies have been developed and re-designed to</p>	<p>Implemented</p> <p>While this recommendation was implemented by verification with the North Carolina Department of Insurance, the recent organizational change has led us to re-examine the issuance of C/O's and other types of occupancy allowances.</p> <p>Internal policies have been developed and re-designed to</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

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A2016-02 Permitting and Inspections				
		<p>Electrical, Mechanical, and Plumbing by issuing a final sticker notice that is placed at the jobsite. We also meet the requirements for the issuance of the Certificate of Occupancy for the Building trade. The referenced General Statute was written in 1993 whereas the referenced code sections are updated every three years.</p> <p>Implementation Date: 10/5/2016</p> <p>Responsible Party: Building Official</p>	<p>incorporate the revised development process and system.</p> <p>Completion Date: 10/1/2018</p>	<p>incorporate the revised development process and system.</p> <p>Completion Date: 9/30/2018</p>
8	Update enforcement actions within Fayetteville City Code to ensure contractors comply with the North Carolina State Building Code.	<p>Management will recommend to the City Council that the City Code be revised to eliminate this section since privilege licenses are no longer required. The Inspections Department uses Section 204.10 Stop Work Orders of the Administration Code to ensure the contractors comply with the Building Code.</p> <p>Implementation Date: 4/30/2017</p>	<p>Implemented</p> <p>This recommendation was implemented on 5/8/17.</p>	<p>Implemented</p> <p>This recommendation was implemented on 5/8/17.</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

		Responsible Party: Planning and Code Enforcement Director		
9	<p>Testing performed by Internal Audit in Cityworks revealed deficiencies, whereas, there were areas where Internal Audit was not able to determine compliance with laws and regulations. Therefore, Permitting and Inspections management should consider having a specialized audit of the Cityworks software to ensure the deficiencies revealed in Cityworks are remedied and will provide an adequate level of control, ensure processes are put in place to address controls in which Cityworks is unable to perform, and the software is utilized to its maximum efficiency.</p> <p>The Office of Internal Audit recommends Permitting and Inspections management review the permitting and inspections process to determine key personnel who will have the ability to override the Cityworks system</p>	<p>While a number of the aspects of this finding have been addressed, the Permitting and Inspections Department will seek assistance from the Information Technology department in order to fulfill this recommendation in its totality. In particular, Information Technology will work with all PLL user areas and Internal Audit Staff to ensure that the necessary controls and permissions are in place.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information</i></p>	<p>Partially Implemented</p> <p>While most of the sub-findings within this category have been resolved, the following items are considered partially implemented:</p> <p>9-3: The scheduling function of Cityworks is being integrated with the development of the online Cityworks Portal. The completion of the portal is essential before the the scheduling feature could be implemented</p> <p>Revised Implementation Date: 1/30/2019</p>	<p>Partially Implemented</p> <p>While most of the sub-findings within this category have been resolved, the following items are considered partially implemented:</p> <p>9-3: The scheduling function of Cityworks is currently being developed for the City’s use.</p> <p>Revised Implementation Date: 9/30/2018</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

	<p>setup by adding, modifying and deleting fees, inspections and permits within Cityworks. Prior to developing and implementing a process related to access controls, Permitting and Inspections management should assess Cityworks setup related to Permitting and Inspection fees and inspection workflows to ensure consistency with current practice while taking compliance to North Carolina General Statutes, the North Carolina Building Code and the Fayetteville City Code into consideration. Alignment of the required processes with the setup in Cityworks should mean that overriding Cityworks setup by adding, modifying and deleting is an exception and not the rule.</p> <p>Permitting and Inspections management should ensure Permitting and Inspections personnel read and understand the City of Fayetteville Policy # 114</p>	<p><i>Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Senior Administrative Assistant (for Permitting); Building Official (for Inspections); PCE Director (for code changes); Information Technology Director; Assistant and Deputy City Manager</p>		
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018
A2016-02 Permitting and Inspections				
	Information Technology Appropriate Usage, and stress the importance of not allowing others to use their access, and protecting all passwords. In addition, written policies and procedures should be documented on how accesses will be requested, who will approve the access and how access will be removed when it's no longer needed.			
10	Internal Audit recommends a work quality review program be developed and an adequate number of appropriate quality reviews of all permits and inspections be conducted in a timely manner. Documented results should be maintained and utilized as measures of effectiveness during performance evaluations.	The Senior Administrative Assistant will collect samples of work of a variety of permits issued by the Permitting Technicians on a quarterly basis. The reviews will be to ensure that the Permit Technicians are applying the requested work via the permit application within the generated permit issued by the technicians. The review of fees will also be observed ensuring that fee calculations are correct and applied to the proper revenue account. The Senior Administrative Assistant will also conduct monthly reviews of the cash drawers by randomly	Implemented Our Work Quality Review Policy has been expanded to encompass the recent organizational change and will tie together other related items such as Training, Work Quality Review, and Performance Measurement. Implementation Date: 10/1/2018	Implemented Our Work Quality Review Policy has been expanded to encompass the recent organizational change and will tie together other related items such as Training, Work Quality Review, and Performance Measurement. Revised Implementation Date: 9/30/2018

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

		<p>choosing dates, and times, to count down cash drawers of Permit Technicians that carry out an open cash drawer. A report of such reviews will be created to serve as backup for future auditing purposes.</p> <p>The Building Official has adjusted Inspections Supervisors workloads to allow for field-checking for work performed by subordinate inspectors. Until Cityworks can be configured to track and report on these field-checks, the Building Official will instruct the Inspections Supervisors to document the inspections which have been checked in a spreadsheet format. Additionally, Inspections Supervisors are providing one-hour weekly training sessions for subordinate personnel (non-inspector personnel also attend these sessions; see management response to Recommendation 13.)</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL</i></p>		
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

		<p><i>software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 11/30/2017</p> <p>Responsible Party: Senior Administrative Assistant (Permitting); Building Official (Inspections)</p>		
11	The Permitting and Inspections Department should establish measurable and achievable performance goals and service standards. Permitting and Inspections management should	The Building Official is working with Information Technology's project manager and our Cityworks vendors to develop an accurate and efficient system for gathering reporting information. This	Implemented The department has created a policy to define what our data is, how we track our data, and how we use the data for	Partially Implemented The department is creating a policy to define what our data is, how we track our data, and how we use the data for

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

	<p>establish formal processes to collect performance information and provide adequate training to ensure accurate input of the data used to quantify each performance measure. Once appropriate performance information is available it should be used to better inform management for decision-making and should also enable the Permitting and Inspections Department to better manage its operations and determine the appropriate balance between service level and resources.</p>	<p>information may require adjustment to ensure that accurate, obtainable, and reliable information is measured and that this information represents appropriate performance measurement and service standards. Once these reports are installed in Cityworks, we will be able to analyze workload efficiency and effectiveness performance measures to utilize in management and reporting. The Strategy and Performance Analytics Office will be utilized as a resource moving forward. This initiative is part of Information Technology’s priority project list.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment</i></p>	<p>performance measurement.</p> <p>Implementation Date: 10/1/2018</p>	<p>performance measurement.</p> <p>We are working with Strategic Performance Analytics to create dashboards and data displays to help facility performance management.</p> <p>The City’s policies concerning data governance will be implemented on a department specific basis.</p> <p>Implementation Date: 9/30/2018</p>
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018
A2016-02 Permitting and Inspections				
		<p><i>is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Senior Administrative Assistant (for Permitting); Building Official (for Inspections)</p>		
12	The Office of Internal Audit recommends Permitting and Inspections management consult with Information Technology personnel to review the impact on Cityworks regarding this instance and any other changes made by the 2015 update. Any data integrity issues should be reviewed to determine if any data needs 'cleaned' and fix any 'clean up' considered necessary.	<p>This will require a great deal of input and assistance from Information Technology.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment</i></p>	<p>Implemented</p> <p>Items from the 2015 Cityworks upgrade have been repaired. Additional processes (such as the creation of a test environment and regression testing) have been developed to gauge and minimize the impacts of any future upgrades. A policy is being developed that is specific to Development Services concerning the calculation of fees and the</p>	<p>Implemented</p> <p>Items from the 2015 Cityworks upgrade have been repaired. Additional processes (such as the creation of a test environment and regression testing) have been developed to gauge and minimize the impacts of any future upgrades. A policy is being developed that is specific to Development Services concerning the calculation of fees and the</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018
A2016-02 Permitting and Inspections				
		<p><i>is completed, only issues already identified as a part of Permitting and Inspections and Information Technology’s project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: IT Project Manager</p>	<p>integrity of data (as discussed in finding 11).</p> <p>Implementation Date: 10/1/2018</p>	<p>integrity of data (as discussed in finding 11).</p> <p>Revised Implementation Date: 9/30/2018</p>
13	<p>While inspector training may be driven by certification requirements, non-inspector personnel training needs are not. Conduct a personnel training assessment and develop or provide training opportunities to meet the needs identified. Permitting and Inspections management should dedicate the appropriate resources and time to ensure proper training for department personnel. An important part of any training program includes basic product knowledge. Each member of the department should be familiar with</p>	<p>Training for non-inspector personnel will consist of the following training types, to be implemented as funding and operational considerations allow:</p> <ul style="list-style-type: none"> • Annual training conducted by the Building Official regarding the administrative requirements and standards of the North Carolina Building Code. • Non-inspector personnel currently participate in the weekly one-hour training of inspectors by the Inspections Supervisors. • Periodic non-inspector 	<p>Implemented</p> <p>The department has incorporated internal training to detail training and proficiency expectations.</p> <p>Implementation Date: 10/1/2018</p>	<p>Implemented</p> <p>The department has incorporated internal training to detail training and proficiency expectations.</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

	<p>the services offered in order to competently satisfy customer needs by providing accurate information and good customer service. Training should also include an understanding of the entire permitting and inspections process and how activities in each area of the Permitting and Inspections Department affect actions taken in other areas both within the department and across other departments. In addition, formal training on the Cityworks software program should be instituted to provide familiarity with the system.</p>	<p>personnel “ride-alongs” with inspectors to establish familiarity with the practical challenges of construction inspection from the perspective of certified inspectors.</p> <ul style="list-style-type: none"> • Formal training in the administration of construction permitting through the Certified Permit Technician coursework developed by the NC Department of Insurance. • Continuation of prior training in customer service “soft skills” provided by an outside consultant chosen by the Interim Department Director. In the prior training, each staff member was provided an “Inspector Skills” training guide booklet and a study guide questionnaire. Upon completion of the questionnaire, the consultant held employee training of both inspectors and permitting staff on the related materials. • Cityworks-specific training in 		
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

		<p>the form of online courses, on-site training, and webinars offered by the software integrator and the software developer.</p> <ul style="list-style-type: none"> • Annual review of relevant City and departmental policies conducted by the Senior Administrative Assistant. • Personnel from the State Licensing Board can be requested to provide periodic training on licensing issues. • The Building Official is compiling a portfolio of photographs illustrating various inspection types that will be used to help familiarize non-inspector personnel with different inspection types. <p style="color: red; font-style: italic;">As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to</p>		
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018
A2016-02 Permitting and Inspections				
		<p><i>continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology’s project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Interim Permitting and Inspections Director</p>		
14	Permitting and Inspections management should identify the kinds of reporting information needed in order to adequately track and assess the efficiency of the permitting process. Internal Audit recommends Permitting and Inspections management work with the Information Technology Department and/or the software developer to improve standard reports that can be used on an ongoing basis to ensure the	We will perform a comprehensive review of existing policies and procedures and make the necessary adjustments to comply with the purpose and intent of this audit. Reporting will be a component of this initiative. Reporting is part of the Information Technology Department’s priority “fix” list. As modifications to the case types, workflows, and data groups are complete, we will be able to develop the necessary reports for	<p>Implemented</p> <p>As discussed in Finding #11, the department has developed a policy that defines how the data is defined, how to preserve the integrity of the data, and how to use the data to measure performance.</p> <p>Implementation Date: 10/1/2018</p>	<p>Partially Implemented</p> <p>As discussed in Finding #11, the department is developing a policy that defines how the data is defined, how to preserve the integrity of the data, and how to use the data to measure performance. Reporting functions of operational software will be discussed within this policy.</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018
A2016-02 Permitting and Inspections				
	information needed to manage the permitting and inspections processes will be available to those charged with the responsibility.	<p>daily and management use.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Information Technology Project Manager</p>		Implementation Date: 9/30/2018
15	The Office of Internal Audit recommends Permitting and Inspections management collaborate with all departments	We will coordinate with other departments to establish a program of customer training sessions. There are a variety of existing models to	Implemented The department is currently in deployment of an electronic	Implemented The department is currently in deployment of an electronic

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

	<p>involved in the City’s permitting and inspections process to develop routine customer training sessions to be held at least annually. These sessions should, at a minimum, cover information within the entire permitting and inspections process which cause the most customer confusion, such as re-inspections and frequently asked questions. In addition, any new laws, regulations, and requirements should be included in the training sessions.</p>	<p>choose from in implementing customer training, including webinars, presentations before trade or homebuilders organizations, and online tutorials to help train our customers. Some of the timing for this initiative will depend upon when the Public Portal and plan review software is implemented by Information Technology.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology’s project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p>	<p>plan review platform. In development of this platform, we have defined visual workflows that illustrate the development review and permitting process as it relates to the online review and permitting system.</p> <p>Implementation Date: 10/1/2018</p>	<p>plan review platform. In development of this platform, we have defined visual workflows that illustrate the development review and permitting process as it relates to the online review and permitting system.</p> <p>Implementation Date: 9/30/2018</p>
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

		<p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Interim Permitting and Inspections Director</p>		
16	<p>The written policies and procedures recommended in Finding 2 should include practices for closing or otherwise terminating permits that have been abandoned past a certain time threshold as such jobs may require the project to comply with newer, safer building codes and would help protect the public safety. Permitting and Inspections management should continue working with the Information Technology Department and the software developer to implement changes that would update a permit status as it is moved through permitting and inspections processes. Once these changes have been completed and thoroughly tested, the impact on historical information that may occur should be assessed before implementing such changes.</p>	<p>The Information Technology Department is currently working on implementing an automated expiration process for permits that have not received an inspection within six months or that exceed the expiration date after issuance of the permit. Until the automation of expiring permits is implemented, the Permit Technicians are able to query a report to manually expire permits, as well as, export an excel report capturing the number of cases that were manually expired per Permit Technician. The Senior Administrative Assistant will draft a written procedure and policies as set forth in the recommendation and for compiling data for performance measuring purposes.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has</i></p>	Implemented	Implemented

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018
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		<p><i>authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 11/30/2017</p> <p>Responsible Party: Senior Administrative Assistant</p>		
17	Allowing permits to expire should not be an easy method to avoid inspection and circumvent established controls. Permitting and Inspections management should establish controls to ensure failed inspections are followed to conclusion so the permit holder and/or contractor seek and receive	Cityworks procedure changes are necessary to effectuate compliance with this finding. Permits that have not had an inspection within 6 months will be automatically expired and the status changed to Closed - Expired. An email will be sent to the applicant 30 days prior to the expiration and then again up	Implemented Implemented per last follow-up response.	Implemented Implemented per last follow-up response.

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

	<p>final approval of the project.</p> <p>The Cityworks software should be configured to automatically expire permits based on specific criteria. A risk assessment should be prepared before permits within Cityworks are automatically expired, whereas, implementing this program could have a significant impact on permits.</p> <p>A report should be created and run at some stated interval to resolve expired permits and impose a terminal status of EXPIRED. Some consideration should also be given to sending a notice to the permit holder advising of the expiration of the permit due to lack of activity and giving the permit holder an opportunity to respond.</p> <p>Permitting and Inspections personnel should ensure compliance with the Fayetteville City Code Chapter 7, Building Code, Part II, Article III</p>	<p>on expiration. If a permit has had at least one inspection, the permit expiration will be extended for 12 months in keeping with the NC Building Code. This feature is currently in test and will be moved into production shortly.</p> <p>Staff will propose revisions to the City Code to ensure compliance with the NC Building Code.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be</i></p>		
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018
A2016-02 Permitting and Inspections				
	Enforcement, Section 7-68, Time Limitations on Validity of Permits, by expiring permits 60 days from issuance if the work authorized by the permit has not been commenced or update the Fayetteville City Code to be consistent with the North Carolina State Building Code requiring the time limitation for a permit to expire as six months after the date of issuance if the work authorized by the permit has not been commenced.	<i>discontinued.</i> Implementation Date: 4/30/2017 Responsible Party: IT Project Manager for permit expiration notices; Planning and Code Enforcement Director for changes to City Code.		
18	Permitting and Inspection management should coordinate with the Information Technology Department and/or the software developer to develop controls within Cityworks to verify the correct PIN is present on permit records. Should Cityworks not have this capability, Permitting and Inspections management should develop mitigating controls to ensure the validity of PIN's during the review and approval process for permit applications. In	Cityworks procedure changes are necessary to effectuate compliance with this finding. Permitting and Inspections will require considerable assistance from Information Technology in the testing of Cityworks upgrades. This was an issue that was discussed during a December meeting and there was no clear resolution because the GIS Data that contains the PIN information is provided by Cumberland County	Implemented Implemented per last follow up response	Implemented Implemented per last follow up response

**Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

	<p>addition, Permitting and Inspections management should develop a process for consistent and accurate input of address information and work with the Information Technology Department and/or the software developer to fully integrate the GIS mapping function within Cityworks. In the interim it may be beneficial to enter information in the “Notes” section of a permit to indicate that the address will not match the County records and why. Thorough testing of all upgrades should be performed to ensure the product is performing at an acceptable level to achieve departmental goals.</p>	<p>GIS because the Register of Deed and the County GIS use different systems. The update from the Register of Deed to the County GIS is not always as timely as the city would like it. City and County GIS have been working together to resolve this, the city receives a nightly update from the county, and as long as the Register of Deed has updated County GIS then the City GIS and Cityworks will be correct. City GIS also has a GIS Road Map project to develop a collaborative GIS Environment with the county to help with this.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already</i></p>		
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
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A2016-02 Permitting and Inspections				
		<p><i>identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Chief Information Officer</p>		
19	The Office of Internal Audit recommends Permitting and Inspections management review the existing Fee Schedule to determine whether enhancements would provide additional transparency and clarity for citizens and contractors. In addition, Permitting and Inspections management should ensure consistency among the permit application, Fayetteville City Code and the Fee Schedule.	<p>Management is currently reviewing the permit fees and the permit applications for all four trades. Once we have corrected our fee schedule and permit applications, we will write the policy and procedures to make sure all permits are accurately issued and valued.</p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Building Official</p>	<p>Implemented</p> <p>The department has currently reviewed the fee scheduling and cross-examining it with our permit applications to ensure that all language is consistent, clear, and transparent. This process was concurrent with the implementation of our online Cityworks and idtPlans portal.</p> <p>Implementation Date: 10/1/2018</p>	<p>Implemented</p> <p>The department has currently reviewed the fee scheduling and cross-examining it with our permit applications to ensure that all language is consistent, clear, and transparent. This process was concurrent with the implementation of our online Cityworks and idtPlans portal.</p> <p>Implementation Date: 9/30/2018</p>
20	Permitting and Inspections management should determine if Cityworks has the capability to	<p>There is a lack of integration between the accounting software programs that the City uses that</p>	<p>Implemented</p> <p>The IT department worked with</p>	<p>Implemented</p> <p>The IT department worked with</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

	<p>provide reports by subsidiary ledger for fees charged to customers, which could be used to reconcile to the City’s general ledger.</p> <p>Permitting and Inspections management should develop written procedures which should be followed to ensure a documented reconciliation between the amounts billed/refunded in Cityworks and actual revenue posted in the general ledger is performed at regular intervals. The reconciliation should be completed with verification of the balances by a second authorized individual including initialing and dating reports to document a review and reconciliation was performed.</p> <p>In addition, Permitting and Inspections management should develop written policies and procedures to document the process and the importance of</p>	<p>requires manual procedures to reconcile revenues across Cityworks, JDE, and the Point of Sale program. The reconciliation process of this report is completed by the Senior Administrative Assistant and, upon completion of the reconciliation, the Senior Administrative Assistant records her signature and has an employee unassociated with cash handling, approve the reconciliation report. The Senior Administrative Assistant will develop written procedures on the processes of this reconciliation procedure.</p> <p>The Permit Technicians have previously trained on the reset procedures of the Point of Sale cash drawers. A draft procedure on “Reconciliation Cash Drawers” has been prepared for review and approval by the Interim Permitting and Inspections Director. Compliance with these procedures will be included as a performance measure.</p>	<p>the Cityworks developers to ensure that the date of transactions matches the date on other financial software systems.</p> <p>The department developed policies that incorporate the City’s Financial Policies to a department specific level to include the required reconciliation of all financial transactions with the general ledger.</p>	<p>the Cityworks developers to ensure that the date of transactions matches the date on other financial software systems.</p> <p>The department developed policies that incorporate the City’s Financial Policies to a department specific level to include the required reconciliation of all financial transactions with the general ledger.</p> <p style="color: red; font-weight: bold;">Implementation Date: 9/30/2018</p>
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

	<p>closing the POS register nightly.</p> <p>Once these processes are established, Permitting and Inspections management should ensure personnel are adequately trained on them.</p>	<p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Senior Administrative Assistant</p>		
21	<p>Permitting and Inspections personnel should ensure, when submitting payment to the North Carolina Licensing Board on a quarterly basis, that correct amounts are submitted based on a reconciliation of information in Cityworks and the general ledger. Any Homeowner Recovery Fund fee refunds should be taken into consideration when completing the reconciliation.</p>	<p>The Information Technology Department created a new Account Payables subsidiary code to capture the \$9 fee that is paid to the NC Licensing Board. The existing revenue account captures the remaining \$1 recognized as revenue. The recent segregation of the Homeowner Recovery Fee was implemented October 3, 2016. The Senior Administrative Assistant will continue to submit quarterly payments to the N.C. Licensing Board but, beforehand, the Senior Administrative Assistant will ensure that the payment is accurately reconciled amongst the Cityworks Revenue Report and General Ledger within JDE.</p> <p>The same will apply to refunds.</p>	<p>Implemented</p> <p>The department has developed and refined policies that incorporate the City’s Financial Policies to a department specific level.</p>	<p>Implemented</p> <p>The department has developed and refined policies that incorporate the City’s Financial Policies to a department specific level.</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018
A2016-02 Permitting and Inspections				
		<p>The Senior Administrator will ensure refunds of the Homeowner Recovery Fee are properly processed and applied to the appropriate fund accounts within JDE and revenue accounts with Cityworks.</p> <p>Implementation Date: 10/3/2016</p> <p>Responsible Party: Senior Administrative Assistant</p>		
22	<p>Permitting and Inspections management should require, annually, all personnel who handle cash receipts to read the Cash Handling General Procedures and sign acknowledging receipt and understanding of the procedures.</p> <p>A formal written refund policy to provide guidance and direction on how to process refunds should be developed. In addition, Permitting and Inspections personnel should be trained on these policies.</p> <p>Permitting and Inspections</p>	<p>The Senior Administrative Assistant provided Permit Technicians copies of the city’s Cash Handling General Procedures. Each of the technicians received, reviewed, and signed the Cash Handling General Procedures Acknowledgement form. A copy of the Cash Handling General Procedures is readily accessible to the Permit Technicians and such policy will be reviewed and signed on an annual basis as recommended by the Finance Department.</p> <p>The Senior Administrative</p>	<p>Implemented</p> <p>The department has developed and refined policies that incorporate the City’s Financial Policies to a department specific level. We have been working with Finance Department staff to adequately develop these procedures that are consistent across department lines.</p> <p>Implementation Date: 10/1/2018</p>	<p>Implemented</p> <p>The department has developed and refined policies that incorporate the City’s Financial Policies to a department specific level. We have been working with Finance Department staff to adequately develop these procedures that are consistent across department lines.</p> <p>Implementation Date: 9/30/2018</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

	management should ensure quality reviews are done for all cash receipt processes.	<p>Assistant prepared a department Refund Procedures & Policy. Upon review and approval by the Permitting and Inspections Director, the Senior Administrative Assistant will conduct mandatory training for all Permit Technicians in two weeks following the policy adoption.</p> <p>The Senior Administrative Assistant will conduct quarterly quality reviews of the issuance process which will include cash handling procedures. This process will begin the third quarter of FY17.</p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Senior Administrative Assistant</p>		
23	Internal Audit recommends Permitting and Inspections personnel responsibilities be reassigned in order to achieve an effective separation between opening the mail and recording transactions. In addition,	Personnel duties will be defined to require the front line permit technicians assigned to permit issuance to record transactions, and daily dispatch permit technicians will have mail duties to address this issue. The Senior Administrative	Implemented The department has developed and refined policies that incorporate the City’s Financial Policies to a department specific level. We have been	Implemented The department has developed and refined policies that incorporate the City’s Financial Policies to a department specific level. We have been

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018
A2016-02 Permitting and Inspections				
	<p>Permitting and Inspections management should consider checks being opened in dual custody to further strengthen controls.</p> <p>Additionally, Permitting and Inspections management should assess the Administrative Assistant’s job description and determine if additional education, experience or knowledge related to internal controls is needed due to the supervision of cash handling functions and update the job description or position as deemed appropriate.</p>	<p>Assistant will supervise and ensure compliance.</p> <p>Management is reviewing a vacant Permitting and Inspections position against the recommendation and will request a study from the Human Resource Department. Once the study is complete, management will recruit for this position in November 2016.</p> <p>Implementation Date: 9/30/2017</p> <p>Responsible Party: Interim Permitting and Inspections Director</p>	<p>working with Finance Department staff to adequately develop these procedures that are consistent across department lines.</p> <p>Implementation Date: 10/1/18</p>	<p>working with Finance Department staff to adequately develop these procedures that are consistent across department lines.</p> <p>Implementation Date: 9/30/18</p>
24	<p>The Office of Internal Audit recommends Permitting and Inspections management work with the Information Technology Department to establish a process for security of faxed information. Such a process could include faxes being printed only when the appropriate security code is entered or having a dedicated fax machine for the Permitting and</p>	<p>The fax machine vendor programmed the Permitting Multi-Functional Device (fax machine) so permit applications received can only be printed by means of entering a security code. Faxes are secured within the device until the security code is applied. Permit Technicians and the Senior Administrative Assistant are only privy to such code, and if at any</p>	<p>Implemented</p> <p>The department has developed and refined policies that incorporate the City’s Financial Policies to a department specific level.</p> <p>Implementation Date: 10/1/2018</p>	<p>Implemented</p> <p>The department has developed and refined policies that incorporate the City’s Financial Policies to a department specific level.</p> <p>Implementation Date: 9/30/2018</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

	<p>Inspections Department in a secure location with limited access. Permitting and Inspections management should ensure the faxes are destroyed in accordance with City’s Administrative Policy # 311 - <i>Security of Sensitive and Confidential Information and Breach Response Plan</i>.</p>	<p>time the code may be breached, a new security code can be reassigned.</p> <p>The Finance Department provided the Senior Administrative Assistant a copy of the city’s policy #311, Security of Sensitive and Confidential Information and Breach Response Plan. Each technician received, reviewed, and signed the Acknowledge form. The Senior Administrative Assistant also prepared a draft policy of a Security and Confidential Information for review by the Permitting and Inspection Director. Upon review and approval of the policy, the Senior Administrative Assistant will conduct mandatory training to all Permit Technicians within two weeks following adoption. The Senior Administrative Assistant will also conduct quarterly quality reviews of the Security and Confidential Information. Additionally, and in accordance to the Security of</p>		
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018
A2016-02 Permitting and Inspections				
		<p>Sensitive and Confidential Information and Breach Response Plan, the Permit Technicians destroy (shred) faxes that contain confidential financial information following the completion of the issuance process of every permit.</p> <p>Implementation Date: 9/30/2016</p> <p>Responsible Party: Senior Administrative Assistant</p>		
25	<p>Permitting and Inspections management should coordinate with the Information Technology Department and/or the software developer to develop controls within Cityworks to ensure permits are not printed before all pre-permitting requirements are met and the hardcoded status on the permit should read the status within Cityworks.</p> <p>Additionally, Internal Audit recommends the appropriate inspector review all written applications as defined by NCGS</p>	<p>While report creation is part of the Information Technology Department’s top priorities for Cityworks “fixes,” locking out the report is a customization that will require additional funding to complete. IT has completed the process of watermarking the reports in question with a watermark that says INVALID if the report is printed before all the required inspections, payments, or documents are completed.</p> <p>We will coordinate with the Department of Insurance to</p>	<p>Implemented</p> <p>The process-related content of this finding has been addressed,</p> <p>Implementation Date: 10/1/2018</p>	<p>Partially Implemented</p> <p>While the process-related content of this finding has been addressed, the department is developing a policy to ensure that all human-related internal controls related to the issuance of permits is consistent and compliant.</p> <p>Implementation Date: 9/30/2018</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

	<p>and Fayetteville City Code, Chapter 7, Article III before a permit is issued.</p>	<p>determine the need for building inspectors to issue trade permits.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 11/30/2016 for the workaround. TBD for the ultimate resolution.</p> <p>Responsible Party: IT Project Manager</p>		
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

26	<p>Internal Audit recommends Permitting and Inspections management review applications, the Fee Schedule and Cityworks, and ensure they are consistent with one another. In addition, Permitting and Inspections management should review all permit applications to ensure all necessary information is required on the applications, applications are clear, and assess whether any unnecessary information should be removed from the applications. Once the applications are updated and made available to the contractors/homeowners, their use should be enforced.</p> <p>In order to be in compliance with North Carolina General Statutes, Inspectors should issue permits. However, prior to permit issuance, Permitting and Inspections personnel should ensure permit applications are completed with all information necessary to calculate fees. If information on the</p>	<p>We will coordinate with the Department of Insurance to determine the need for building inspectors to issue trade permits. Staffing and workload issues may preclude quality control by inspection supervisors without additional resources as has been noted in responses to prior findings. Staff will work with Information Technology to see if exceptions can be identified for quality control purposes. Once these issues are resolved, policies and procedures will be developed and training conducted to ensure subordinate staff adherence to the policies and procedures.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another</i></p>	<p>Implemented</p> <p>The department has reviewed the fee schedule and cross-examined it with our permit applications to ensure that all language is consistent, clear, and transparent.</p> <p>An internal policy has been developed in regards to permit issuance and work-quality review to address the human-related consistency component of permitting.</p> <p>Implementation Date: 10/1/2018</p>	<p>Implemented</p> <p>The department has reviewed the fee schedule and cross-examined it with our permit applications to ensure that all language is consistent, clear, and transparent.</p> <p>An internal policy has been developed in regards to permit issuance and work-quality review to address the human-related consistency component of permitting.</p> <p>Implementation Date: 9/30/2018</p>
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

	<p>application is unclear, Permitting and Inspections personnel should ask the applicant for clarification. Any updated information should be clearly documented for future reference.</p> <p>Permitting and Inspections management should establish a quality review process for the Permitting and Inspections Department. Due to the high volume of applications, the likelihood of finding an exception by spot checking is statistically low. Therefore, when establishing a quality review process, Permitting and Inspections management could consider exception-based reporting from Cityworks which could identify unusual transactions, such as a residential building permit without a homeowner recover fee charged.</p> <p>Policies and procedures should be written to provide clear guidance on accurate and consistent</p>	<p><i>PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Building Official; Senior Administrative Assistant</p>		
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

	application of fees. Training should be given to Permitting and Inspections personnel to ensure understanding and adherence to policies and procedures.			
27	<p>Internal Audit recommends the appropriate inspector review all written applications as defined by NCGS and Fayetteville City Code, Chapter 7, Article III before a permit is issued. This review should include the status of the contractor’s license.</p> <p>Additionally, Internal Audit recommends Permitting and Inspections personnel establish and follow written procedures to ensure each contractor’s license is valid when issuing a permit. Since permits expire December 31 each year and become invalid 60 days from that date unless renewed, Permitting and Inspections should establish and follow written procedures to ensure all general contractors with active permits still have valid licenses in March of</p>	<p>The Planning and Code Enforcement Director will review the City Code and propose any modifications that are necessary to modernize and ensure consistency between the City Code, the NC Building Code, and departmental procedures and policies.</p> <p>Management has reached out to the Supervisor of the Code Inspections Section of the Department of Insurance for clarification on inspector issuance of permits. The Permitting and Inspections Department is meeting all requirements for the issuance of trade and building permits in our current practice.</p> <p>Management is currently reviewing the permit fees and the permit applications for all four trades.</p>	<p>Implemented</p> <p>While the process-related component of license review has been implemented, a policy was also revised to incorporate consistent research of contractor’s license within the issuance of permits.</p> <p>In addition, the City Attorney’s Office provided guidance that once the permit has been issued, it is the contractor’s responsibility to maintain his license in accordance with the 2012 North Carolina Administrative Code and Policies Section 204.3.6 which reads <i>“It shall be the duty of every person who contracts for the installation or repair of a building or service system to</i></p>	<p>Implemented</p> <p>While the process-related component of license review has been implemented, a policy was also revised to incorporate consistent research of consistent research of contractor’s license within the issuance of permits.</p> <p>In addition, the City Attorney’s Office provided guidance that once the permit has been issued, it is the contractor’s responsibility to maintain his license in accordance with the 2012 North Carolina Administrative Code and Policies Section 204.3.6 which reads <i>“It shall be the duty of every person who contracts for the installation or repair of a building or service system to</i></p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

	<p>each year. For any active permits determined to be issued to general contractors with invalid licenses, Permitting and Inspections personnel should establish written procedures to comply with NCGS 160-422 relating to the revocation of permits.</p>	<p>Once we have corrected our fee schedule and permit applications, we will write the policy and procedures to make sure the permit is accurately issued and valued.</p> <p>The Permit Technicians are currently following procedures of verifying contractors licenses prior to the issuance of permits. The Senior Administrative Assistant will draft a policy and procedures to ensure that this process is being validated. The Senior Administrative Assistant will complete monthly random quality control checks to ensure that this recommendation is followed through.</p> <p>In speaking with the North Carolina Licensing Board for General Contractors, they are looking into developing a WebService with which we would be able to programmatically interface with in order to validate the contractor in real time. At this time there is no</p>	<p><i>comply with State or local rules and regulations concerning licensing.”</i></p> <p>Implementation Date: 10/1/2018</p>	<p><i>comply with State or local rules and regulations concerning licensing.”</i></p> <p>Implementation Date: 9/30/2018</p>
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

		<p>ETA for the availability of this Webservice. Such an arrangement with other trades is being explored. Currently Information Technology has investigated other methods of automatically validating the Contractor License, however, there would be additional funding needed to do this.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p>		
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

		<p>Implementation Date: 9/30/2017</p> <p>Responsible Party: Planning and Code Enforcement Director (code changes); Senior Administrative Assistant (procedures)</p>		
28	<p>Permitting and Inspections management should coordinate with the Information Technology Department and/or the software developer to develop controls within Cityworks to prevent creating duplicate permits. Should Cityworks not have this capability; Permitting and Inspections management should work with personnel within the department on mitigating controls to ensure duplicate permits are not being created. All permit applications should be reviewed by an appropriate level inspector before a permit is issued at which time, the inspector can verify that a duplicate permit is not being created.</p>	<p>Cityworks cannot currently prevent the creation of duplicate permits, however, it will allow you to see all the existing permits, cases, service requests and work orders at a given address.</p> <p>Resolution of this issue is dependent on a vendor’s schedule. Additionally, consideration should be given to distinguishing between a trade permit and a building permit with regard to the qualifications of the issuing authority. If inspectors have to sign off on all permits prior to their issuance, a significant resource issue will be created due to permit volume. If this is the direction of the Interim City Manager, we will produce a plan for implementation for consideration during the FY18</p>	<p>Implemented</p> <p>A project may require more than one of a specific trade permit (multiple electrical permits may be issued for one job).</p> <p>Staff is familiar with the requirements for each permit, and the differentiation of each permit type. Although trade permits may appear to be the same at first glance, staff includes notes and other items to differentiate each permit from another to avoid duplication.</p> <p>Implementation Date: 10/1/2018</p>	<p>Implemented</p> <p>A project may require more than one of a specific trade permit (multiple electrical permits may be issued for one job).</p> <p>Staff is familiar with the requirements for each permit, and the differentiation of each permit type. Although trade permits may appear to be the same at first glance, staff includes notes and other items to differentiate each permit from another to avoid duplication.</p> <p>Implementation Date: 9/30/2018</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

		<p>budget cycle.</p> <p>Information Technology is working with software developer to bring a Cityworks PLL trainer on site to provide specialized PLL training.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 11/15/2016</p>		
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

		Responsible Party: Interim Permitting and Inspections Director and Information Technology Director		
29	Procedures should be established requiring inspectors to document within Cityworks when the inspector reaches the location and the results of the inspection before going to the next assignment. Cityworks should be configured, if necessary, to facilitate this type of documentation. Training should be provided to improve inspectors' documentation, to establish parameters and guidelines and the use of laptops in the field to result the inspections.	Permitting and Inspections has purchased laptop computers for all the field inspectors to eliminate the problem of limited or no connectivity in some areas of the City. Since that time, the inspectors have been trained and directed by management to log into Cityworks and do all of their inspection postings at the jobsite. Management is working with Cityworks to be able to have this measurable data extracted in several types of reports. This will give management valuable information that we will be able to use in determining if the department is adequately staffed. <i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of</i>	Implemented The process and policy related content of this finding has been remedied Also, technology has also being evaluated to ensure that the inspectors can result the inspections in real time after the inspection is conducted. Implementation Date: 10/1/2018	Implemented The process and policy related content of this finding has been remedied Also, technology has also being evaluated to ensure that the inspectors can result the inspections in real time after the inspection is conducted. Implementation Date: 9/30/2018

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
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A2016-02 Permitting and Inspections				
		<p><i>Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Building Official</p>		
30	Internal Audit recommends the Permitting and Inspections Department prohibit the practice of bypassing system controls by deleting and/or resulting inspections on the workflow as "NA". Quality reviews should be conducted by management to ensure all inspections are completed and resulted for each type of permit on the workflow.	The inspections workflows are currently under modification. It is the intent to modify and simplify each of the workflows per permit type. Until this occurs, an "N/A" will be placed on inspections tasks not related to the inspection. The Permitting and Inspections department is working closely with the IT department as well as with Cityworks in order to address this	<p>Implemented</p> <p>With the assistance of IT, the department has implemented the recommendation preventing the bypassing of system controls.</p>	<p>Implemented</p> <p>With the assistance of IT, the department has implemented the recommendation preventing the bypassing of system controls.</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

	<p>Cityworks workflows should be updated for each permit type to include only required inspections for that permit type.</p>	<p>issue.</p> <p>As we modify the case types and workflows additional security will be added which will prohibit the addition or deletions of task in the workflow.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p>		
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

		Responsible Party: Building Official		
31	<p>Permitting and Inspections management should develop procedures to clarify expectations, including established start times and locations to begin inspections for the workday. The procedures should also give general guidance on how to conduct inspections. Once these procedures are established, Permitting and Inspections management should ensure personnel are adequately trained on them.</p> <p>The AVL technology should be fitted and fully operational on all Permitting and Inspections Department vehicles. This data should be used by management in conjunction with monitoring inspector output as a measure of overall productivity.</p>	<p>The Permitting and Inspections Department will implement policies and procedures to ensure that inspections staff have clear and concise instruction regarding daily expectations, standards for training new staff, and policies as it relates to enforcement of the NC Building Code. The AVL systems are currently installed in all inspectors' assigned vehicles. The existing AVL system could not be permanently installed without voiding the manufacturer's warranty. Reporting is currently being addressed by the Information Technology Project Manager. The inspections staff will receive training on how to review and monitor the AVL system. Additionally, the real-time resulting of inspections will help confirm inspector location.</p> <p>Implementation Date: 6/30/2017</p>	<p style="text-align: center;">Implemented</p> <p>Accountability procedures are currently in place to satisfy the process-related content of this finding.</p> <p>Implementation Date: 10/1/2018</p>	<p style="text-align: center;">Partially Implemented</p> <p>Accountability procedures are currently in place to satisfy the process-related content of this finding. The department is currently expanding the Organizational and Individual Accountability policy to incorporate operational objectives into what is held accountable.</p> <p>Implementation Date: 9/30/2018</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

		Responsible Party: Building Official		
32	Permitting and Inspections management should develop procedures to ensure all permitted projects are inspected or permits are properly cancelled if the permitted work is not commenced.	All full demolition permits are inspected by the Code Enforcement Division of the Planning and Code Enforcement Department. Cityworks has been modified to notify the contractor when a permit is about to expire. This modification reflects the standards of the NC Building Code with regard to permit expiration. A procedure will be developed in order to provide clear and concise instruction on how to post inspections once the permit is completed, voided, or expired. An amendment to the City Code will be proposed to reflect the standards of the NC Building Code with regard to permit expiration. <i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make</i>	Implemented The process-related content was addressed by ordinance amendment and Cityworks modification Implementation Date: 10/1/18	Partially Implemented While the process-related content was addressed by ordinance amendment and Cityworks modification, the recent merger requires that a policy be developed illustrating the distinct duties of Inspections and Code Enforcement with demolition permits. Implementation Date: 9/30/18

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018
A2016-02 Permitting and Inspections				
		<p><i>recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 11/15/2016, with the City Code Changes to occur in January 2017</p> <p>Responsible Party: Senior Administrative Assistant (for Permitting); Building Official (for Inspections); PCE Director (for code changes and PCE policies and procedures)</p>		
33	Internal Audit recommends Permitting and Inspections management develop processes to ensure square footage and construction costs are validated prior to permit issuance and again	We agree that enhancements can be made to better confirm fee calculations from various measures, however, the proposed redundancy is unnecessary as any deviations will be caught during the inspection	<p>Implemented</p> <p>The fee schedule has been modified to reflect permit fees based upon heated and non-heated area.</p>	<p>Partially Implemented</p> <p>The fee schedule has been modified to reflect permit fees based upon heated and non-heated area.</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

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A2016-02 Permitting and Inspections

	<p>prior to issuance of the certificate of occupancy/compliance. The process should include recording adjustments in Cityworks and collecting or refunding any fees based on these adjustments. These processes should be documented in written policies and procedures and personnel should be trained on them.</p>	<p>process. We agree that adjustments to the Fee Schedule need to be made to simplify calculation procedures; this will require coordination with Information Technology, and such changes will be made at midyear, if possible, or proposed as part of the FY18 budget</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p>	<p>In addition to the fee schedule modification, the building inspectors have initiated a process to evaluate and compare area and value based upon footings and the current fair market value.</p> <p>Implementation Date: 10/1/2018</p>	<p>In addition to the fee schedule modification, the building inspectors have initiated a process to evaluate and compare area and value based upon footings and the current fair market value.</p> <p>A process is being developed to standardize the process mentioned above and ensure that it is being conducted effectively and consistently.</p> <p>Implementation Date: 9/30/2018</p>
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

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A2016-02 Permitting and Inspections

		<p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Building Official</p>		
34	<p>A formal written callback policy to provide guidance and direction on how to impose callback fees should be developed and communicated to contractors/home owners. In addition, Permitting and Inspections personnel should be trained on this new policy.</p>	<p>Management is writing a formal callback policy. Once this policy is completed, we will modify Cityworks so that a callback fee will be automatically issued in accordance to the policy. Once this callback policy is completed, then management will notify the contractors and train the inspectors.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list</i></p>	<p>Implemented</p> <p>In addition to the callback fee, a policy has been implemented for staff knowledge on the consistent implementation of call-back fees.</p> <p>Implementation Date: 9/30/2018</p>	<p>Implemented</p> <p>In addition to the callback fee, a policy has been implemented for staff knowledge on the consistent implementation of call-back fees.</p> <p>Implementation Date: 9/30/2018</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2016-02 Permitting and Inspections

		<p><i>will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Building Official</p>		
35	<p>Consider implementing multi-trade inspections, specifically HVAC permits, to enhance scheduling flexibility, reduce drive times and improve response times.</p>	<p>The Permitting and Inspections Department is now performing multi-trade inspections for two permit types. One is the mechanical change out permit when the mechanical inspector inspects both the mechanical and electrical installations. The other is the gas water heater permit when the plumbing inspector inspects the water heater, vent piping and the gas piping. A policy and procedure will be written to ensure both permits are ready before the inspector goes on the inspection. Management also utilizes this cross training when a trade section is shorthanded. Out of a department of 18 inspectors, we have 7 inspectors who have more than one</p>	<p>Implemented</p> <p>Current scheduling practices have been modified to support multi-trade inspections in unit installs and change outs.</p> <p>We have also developed a multi-trade permit</p> <p>Implementation Date: 10/1/18</p>	<p>Partially Implemented</p> <p>Current scheduling practices have been modified to support multi-trade inspections in unit installs and change outs.</p> <p>A policy is also being written (in conjunction with the new scheduling function of Cityworks as discussed in Finding #9) concerning the automated assignment of multi-trade inspectors to new unit installs and change outs.</p> <p>We have also developed a multi-trade permit</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

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A2016-02 Permitting and Inspections

		<p>standard certification. Management hopes to expand this concept to more permit types as we get more inspectors certified.</p> <p>Implementation Date: 10/1/2016</p> <p>Responsible Party: Building Official</p>		<p>Implementation Date: 9/30/18</p>
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**Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)**

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A2016-06 Contract Practices and Procedures

1	<p>The Office of Internal Audit recommends management determine if the City Manager’s Office is the most appropriate department to be responsible for <i>Policy #120 City of Fayetteville General Contracting Practices and Procedure</i> based on the ability to provide oversight and management of all policy provisions and appendices. Once determined, management should designate personnel/positions responsible for the oversight and management of the policy and ensure the personnel/positions responsible have the ability to enforce contract policy provisions. This recommendation is applicable for all findings within this report and will have a direct impact on the management responses for oversight and monitoring of compliance with the policy.</p>	<p>We concur. Management is in full agreement with the recommendation.</p> <p>The approvals required and the procedures within Policy #120 City of Fayetteville General Contracting Practices and Procedure were initially assigned to the City Manager’s Office; however, after further review and evaluation, the oversight and management of the policy to include the appendices is being assigned to the Finance department. Currently, the Finance department is responsible for the Purchasing function along with playing a major role with citywide contracting. Furthermore, Policy #120 City of Fayetteville General Contracting Practices and Procedure will continue to require the City Manager to approve all delegation of contract signature authority as authorized by the City’s Code of Ordinances Chapter 2 Article III Section 2-61.</p>	<p style="text-align: center;">Partially Implemented</p> <p>A review and recommended changes have been presented to SMT. Finance, legal, CMO, and various city departments are finalizing certain aspects of the new policy.</p>	<p style="text-align: center;">Partially Implemented</p> <p>A review and recommended changes have been presented to SMT. Finance, legal, CMO, and various city departments are finalizing certain aspects of the new policy.</p>
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

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A2016-06 Contract Practices and Procedures

		<p>Implementation Date: 01/31/2018</p> <p>Responsible Party: Chief Financial Officer or designee</p>		
2	<p>1. Clarification should be added to <i>Policy #120 City of Fayetteville General Contracting Practices and Procedures</i> to:</p> <ul style="list-style-type: none"> a. Define the conditions under which a purchase order is required; and b. Require all signatures on contracts in Laserfiche be dated. <p>2. Training and monitoring practices to ensure procedures are being followed by all user departments should be improved.</p> <p>3. A quality control program should be developed to help ensure purchase orders are obtained prior to purchase or start of service, and all</p>	<p>1. We concur. Management is in full agreement with the recommendation.</p> <p>To ensure full implementation and compliance, the City Manager will assign the Chief Financial Officer the responsibility to define the conditions under which a purchase order is required and to require that all signatures on contracts in LaserFiche be dated.</p> <p>2. We concur. Management is in full agreement with the recommendation.</p> <p>To ensure full implementation and compliance, the City Manager will assign the Chief Financial Officer the responsibility of providing training and monitoring practices to ensure purchase order procedures</p>	<p>Partially Implemented</p> <p>A review and recommended changes have been presented to SMT. Finance, legal, CMO, and various city departments are finalizing certain aspects of the new policy. Training has been scheduled for 11.16.18.</p>	<p>Partially Implemented</p> <p>A review and recommended changes have been presented to SMT. Finance, legal, CMO, and various city departments are finalizing certain aspects of the new policy.</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

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A2016-06 Contract Practices and Procedures				
	contracts are fully executed with all required approvals, signatures and the City Seal.	<p>are being followed by all user departments.</p> <p>3. We concur. Management is in full agreement with the recommendation.</p> <p>To ensure full implementation and compliance, the City Manager will assign the Chief Financial Officer the responsibility to develop a quality control program to help ensure purchase orders obtained prior to purchase or start of service, and all contracts are fully executed with all required approvals, signatures and the City Seal.</p> <p>Implementation Date: 03/31/2018</p> <p>Responsible Party: Chief Financial Officer or designee</p>		
3	1. Clarification should be added to <i>Policy #120 City of Fayetteville General Contracting Practices and Procedures</i> defining the	1. We concur. Management is in full agreement with the recommendation.	Partially Implemented A review and recommended changes have been presented to SMT. Finance, legal, CMO, and	Partially Implemented A review and recommended changes have been presented to SMT. Finance, legal, CMO, and

Office of Internal Audit
Quarterly Management Implementation Status Report
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A2016-06 Contract Practices and Procedures				

	<p>conditions under which a contract is required;</p> <p>2. Training and monitoring practices to ensure procedures are being followed by all user departments should be improved;</p> <p>3. A quality control program should be developed to help ensure contracts are obtained prior to purchase or start of service; and</p> <p>4. Management should establish a central repository for all City contracts.</p>	<p>To ensure full implementation and compliance, the City Manager will assign the CFO the responsibility of providing clarification to Policy #120, City of Fayetteville General Contracting Processes and Procedures in an effort to define the conditions under which a contract is required.</p> <p>2. We concur. Management is in full agreement with the recommendation.</p> <p>To ensure full implementation and compliance, the City Manager will assign the CFO the responsibility of providing training and monitoring practices to ensure contract procedures are being followed by all user departments.</p> <p>3. We concur. Management is in full agreement with the recommendation.</p> <p>To ensure full implementation and compliance, the City Manager will</p>	<p>various city departments are finalizing certain aspects of the new policy.</p> <p>A training module is being prepared and will be delivered to staff using PowerDMS.</p> <p>Revised Implementation Date: 12/01/2018</p> <p>Responsible Party: Chief Financial Officer or designee</p>	<p>various city departments are finalizing certain aspects of the new policy.</p> <p>A training module is being prepared and will be delivered to staff using PowerDMS.</p> <p>Revised Implementation Date: 10/01/2018</p> <p>Responsible Party: Chief Financial Officer or designee</p>
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

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A2016-06 Contract Practices and Procedures				

		<p>assign the CFO the responsibility to develop a quality control program to help ensure all contracts are fully executed with all required approvals, signatures and the City Seal.</p> <p>4. We concur. Management is in full agreement with the recommendation.</p> <p>All contracts will go through contract routing and LaserFiche will serve as the contract repository.</p> <p>Implementation Date: 03/31/2018</p> <p>Responsible Party: Chief Financial Officer or designee</p>		
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**Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)**

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A2018-01 Evidence and Property Management

1.1	<p>The Office of Internal Audit recommends management establish internal controls to ensure personnel are in compliance with North Carolina General Statutes and operating procedures. Some possible areas where internal controls should be established based on Internal Audit's observations include the following, but are not limited to:</p> <p>1. An annual audit of all areas where property and evidence are maintained, to include the Forensic Evidence Unit storage lockers and drying room located in the Public Administrative Building garage;</p>	<p>The review of the entire Police Department Evidence and Property Operating Procedure Policy is being addressed to ensure the implementation of an updated policy will cover operational and legal restrictions. The Police Department will await the research and recommendations from the City of Fayetteville Police Attorneys who have been working to find the best operating procedure policy to recommend to the Police Department. Once the recommendations have been submitted, the Police Department will update departmental operating procedure policies to ensure they are in compliance with the listed recommendations regarding of audits and inspections of the unit. The Police Department always conducts training when a new policy is updated or created for all the employees, when procedures are changed extensively it will require even more training. There are also times when the training can be</p>	Not Implemented	Not Implemented
			<p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The Evidence and Property Room has continued to follow the last available version from 2016. By December 2018, the Fayetteville Police Department Evidence and Property Room will have to complete two internal audits, one announced and one unannounced. The City of Fayetteville Police Attorney has been consulted and the operating procedure will be updated to address the process for internal audits and inspections. It is the intention that this process will encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits. An unannounced internal inspection was completed on September 19-October 12, 2018 by the</p>	<p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The Evidence and Property Room has continued to follow the last available version from 2016. By December 2018, the Fayetteville Police Department Evidence and Property Room will have to complete two internal audits, one announced and one unannounced. The City of Fayetteville Police Attorney has been consulted and the operating procedure will be updated to address the process for internal audits and inspections. It is the intention that this process will encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits.</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

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A2018-01 Evidence and Property Management

		<p>placed on our PowerDMS platform as a video in order to be able to go back to review again as a refresher training when employees have deficiencies.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>Forensics Manager and Forensics Supervisor. A final report will be submitted to Chief of Police for review. An announced inspection was completed on September 26, 2018. A final report will be submitted to Chief of Police for review.</p>	
1.2	<p>The Office of Internal Audit recommends management establish internal controls to ensure personnel are in compliance with North Carolina General Statutes and operating procedures. Some possible areas where internal controls should be established based on Internal Audit's observations include the following, but are not limited to:</p> <p>2. Documentation representing review of the audits and inspections of the Property and Evidence Unit by management should be maintained to ensure management is aware of potential issues;</p>	<p>The review of the entire Police Department Evidence and Property Operating Procedure Policy is being addressed to ensure the implementation of an updated policy will cover operational and legal restrictions. The Police Department will await the research and recommendations from the City of Fayetteville Police Attorneys who have been working to find the best operating procedure policy to recommend to the Police Department. Once the recommendations have been submitted, the Police Department will update departmental operating procedure policies to ensure they are in compliance with the listed</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The Evidence and Property Room has continued to follow the last available version from 2016. By December 2018, the Fayetteville Police Department Evidence and Property Room will have to complete two internal audits, one announced and one unannounced. The City of Fayetteville Police Attorney has been consulted and the operating procedure will be updated to address the process for internal</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The Evidence and Property Room has continued to follow the last available version from 2016. By December 2018, the Fayetteville Police Department Evidence and Property Room will have to complete two internal audits, one announced and one unannounced. The City of Fayetteville Police Attorney has been consulted and the operating procedure will be updated to address the process for internal</p>

**Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)**

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A2018-01 Evidence and Property Management

		<p>recommendations regarding of audits and inspections of the unit. The Police Department always conducts training when a new policy is updated or created for all the employees, when procedures are changed extensively it will require even more training. There are also times when the training can be placed on our PowerDMS platform as a video in order to be able to go back to review again as a refresher training when employees have deficiencies.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>audits and inspections. It is the intention that this process will encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits. Both inspections have been completed and the findings will be submitted to Chief of Police for review. The final policy remains under review by the City of Fayetteville Police Attorney.</p>	<p>audits and inspections. It is the intention that this process will encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits.</p>
1.3	The Office of Internal Audit recommends management establish internal controls to ensure personnel are in compliance with North Carolina General Statutes and operating procedures. Some possible areas where internal controls should be established based on Internal Audit's	The review of the entire Police Department Evidence and Property Operating Procedure Policy is being addressed to ensure the implementation of an updated policy will cover operational and legal restrictions. The Police Department will await the research and recommendations from the City of Fayetteville Police Attorneys who	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The Evidence and Property Room has continued to follow the last available version from 2016. By December 2018, the Fayetteville</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The Evidence and Property Room has continued to follow the last available version from 2016. By December 2018, the Fayetteville</p>

**Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)**

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A2018-01 Evidence and Property Management

	<p>observations include the following, but are not limited to:</p> <p>3. A special audit should be conducted for ALL types of property and evidence when there is a transition of personnel in and out of the Property and Evidence Unit;</p>	<p>have been working to find the best operating procedure policy to recommend to the Police Department. Once the recommendations have been submitted, the Police Department will update departmental operating procedure policies to ensure they are in compliance with the listed recommendations regarding of audits and inspections of the unit. The Police Department always conducts training when a new policy is updated or created for all the employees, when procedures are changed extensively it will require even more training. There are also times when the training can be placed on our PowerDMS platform as a video in order to be able to go back to review again as a refresher training when employees have deficiencies.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>Police Department Evidence and Property Room will have to complete two internal audits, one announced and one unannounced. The City of Fayetteville Police Attorney has been consulted and the operating procedure will be updated to address the process for internal audits and inspections. It is the intention that this process will encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits. The final policy remains under review by the City of Fayetteville Police Attorney.</p>	<p>Police Department Evidence and Property Room will have to complete two internal audits, one announced and one unannounced. The City of Fayetteville Police Attorney has been consulted and the operating procedure will be updated to address the process for internal audits and inspections. It is the intention that this process will encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits.</p>
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

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A2018-01 Evidence and Property Management

1.4	<p>The Office of Internal Audit recommends management establish internal controls to ensure personnel are in compliance with North Carolina General Statutes and operating procedures. Some possible areas where internal controls should be established based on Internal Audit's observations include the following, but are not limited to:</p> <p>4. Determine the circumstances when property receipts are required, the personnel responsible to maintain them and ensure they are issued accordingly;</p>	<p>The review of the entire Police Department Evidence and Property Operating Procedure Policy is being addressed to ensure the implementation of an updated policy will cover operational and legal restrictions. The Police Department will await the research and recommendations from the City of Fayetteville Police Attorneys who have been working to find the best operating procedure policy to recommend to the Police Department. Once the recommendations have been submitted, the Police Department will update departmental operating procedure policies to ensure they are in compliance with the listed recommendations regarding of audits and inspections of the unit. The Police Department always conducts training when a new policy is updated or created for all the employees, when procedures are changed extensively it will require even more training. There are also times when the training can be</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The Evidence and Property Room has continued to follow the last available version from 2016. By December 2018, the Fayetteville Police Department Evidence and Property Room will have to complete two internal audits, one announced and one unannounced. The City of Fayetteville Police Attorney has been consulted and the operating procedure will be updated to address the process for internal audits and inspections. It is the intention that this process will encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits. The final policy remains under review by the City of Fayetteville Police Attorney.</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The Evidence and Property Room has continued to follow the last available version from 2016. By December 2018, the Fayetteville Police Department Evidence and Property Room will have to complete two internal audits, one announced and one unannounced. The City of Fayetteville Police Attorney has been consulted and the operating procedure will be updated to address the process for internal audits and inspections. It is the intention that this process will encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits.</p>
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

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A2018-01 Evidence and Property Management

		<p>placed on our PowerDMS platform as a video in order to be able to go back to review again as a refresher training when employees have deficiencies.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>		
1.5	<p>The Office of Internal Audit recommends management establish internal controls to ensure personnel are in compliance with North Carolina General Statutes and operating procedures. Some possible areas where internal controls should be established based on Internal Audit's observations include the following, but are not limited to:</p> <p>5. Complete and accurate descriptions of property and evidence should be documented, to include completing the database fields required within RMS;</p>	<p>The review of the entire Police Department Evidence and Property Operating Procedure Policy is being addressed to ensure the implementation of an updated policy will cover operational and legal restrictions. The Police Department will await the research and recommendations from the City of Fayetteville Police Attorneys who have been working to find the best operating procedure policy to recommend to the Police Department. Once the recommendations have been submitted, the Police Department will update departmental operating procedure policies to ensure they are in compliance with the listed</p>	Not Implemented	Not Implemented
			<p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The Evidence and Property Room has continued to follow the last available version from 2016. By December 2018, the Fayetteville Police Department Evidence and Property Room will have to complete two internal audits, one announced and one unannounced. The City of Fayetteville Police Attorney has been consulted and the operating procedure will be updated to address the process for internal</p>	<p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The Evidence and Property Room has continued to follow the last available version from 2016. By December 2018, the Fayetteville Police Department Evidence and Property Room will have to complete two internal audits, one announced and one unannounced. The City of Fayetteville Police Attorney has been consulted and the operating procedure will be updated to address the process for internal</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

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A2018-01 Evidence and Property Management

		<p>recommendations regarding of audits and inspections of the unit. The Police Department always conducts training when a new policy is updated or created for all the employees, when procedures are changed extensively it will require even more training. There are also times when the training can be placed on our PowerDMS platform as a video in order to be able to go back to review again as a refresher training when employees have deficiencies.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>audits and inspections. It is the intention that this process will encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits. The final policy remains under review by the City of Fayetteville Police Attorney.</p>	<p>audits and inspections. It is the intention that this process will encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits.</p>
1.6	<p>The Office of Internal Audit recommends management establish internal controls to ensure personnel are in compliance with North Carolina General Statutes and operating procedures. Some possible areas where internal controls should be established based on Internal Audit's</p>	<p>The review of the entire Police Department Evidence and Property Operating Procedure Policy is being addressed to ensure the implementation of an updated policy will cover operational and legal restrictions. The Police Department will await the research and recommendations from the City of Fayetteville Police Attorneys who</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The Evidence and Property Room has continued to follow the last available version from 2016. By December 2018, the Fayetteville</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The Evidence and Property Room has continued to follow the last available version from 2016. By December 2018, the Fayetteville</p>

**Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

	<p>observations include the following, but are not limited to:</p> <p>6. Stolen checks should be generated for ALL firearms to determine if they have been reported stolen;</p>	<p>have been working to find the best operating procedure policy to recommend to the Police Department. Once the recommendations have been submitted, the Police Department will update departmental operating procedure policies to ensure they are in compliance with the listed recommendations regarding of audits and inspections of the unit. The Police Department always conducts training when a new policy is updated or created for all the employees, when procedures are changed extensively it will require even more training. There are also times when the training can be placed on our PowerDMS platform as a video in order to be able to go back to review again as a refresher training when employees have deficiencies.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>Police Department Evidence and Property Room will have to complete two internal audits, one announced and one unannounced. The City of Fayetteville Police Attorney has been consulted and the operating procedure will be updated to address the process for internal audits and inspections. It is the intention that this process will encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits. Stolen checks were completed on the firearms in the evidence room with property documentation illustrating the checks. Standard procedure is to run a stolen report for all weapons entered into evidence.</p>	<p>Police Department Evidence and Property Room will have to complete two internal audits, one announced and one unannounced. The City of Fayetteville Police Attorney has been consulted and the operating procedure will be updated to address the process for internal audits and inspections. It is the intention that this process will encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits.</p>
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

1.7	<p>The Office of Internal Audit recommends management establish internal controls to ensure personnel are in compliance with North Carolina General Statutes and operating procedures. Some possible areas where internal controls should be established based on Internal Audit's observations include the following, but are not limited to:</p> <p>7. Documentation should be maintained showing the firearm was entered in the Recovered Gun File.</p>	<p>The review of the entire Police Department Evidence and Property Operating Procedure Policy is being addressed to ensure the implementation of an updated policy will cover operational and legal restrictions. The Police Department will await the research and recommendations from the City of Fayetteville Police Attorneys who have been working to find the best operating procedure policy to recommend to the Police Department. Once the recommendations have been submitted, the Police Department will update departmental operating procedure policies to ensure they are in compliance with the listed recommendations regarding of audits and inspections of the unit. The Police Department always conducts training when a new policy is updated or created for all the employees, when procedures are changed extensively it will require even more training. There are also times when the training can be</p>	<p style="text-align: center;">Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The Evidence and Property Room has continued to follow the last available version from 2016. By December 2018, the Fayetteville Police Department Evidence and Property Room will have to complete two internal audits, one announced and one unannounced. The City of Fayetteville Police Attorney has been consulted and the operating procedure will be updated to address the process for internal audits and inspections. It is the intention that this process will encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits. Documentation is maintained showing the firearm was entered in the Recovered Gun File. Weapons stored in</p>	<p style="text-align: center;">Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The Evidence and Property Room has continued to follow the last available version from 2016. By December 2018, the Fayetteville Police Department Evidence and Property Room will have to complete two internal audits, one announced and one unannounced. The City of Fayetteville Police Attorney has been consulted and the operating procedure will be updated to address the process for internal audits and inspections. It is the intention that this process will encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits.</p>
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

		<p>placed on our PowerDMS platform as a video in order to be able to go back to review again as a refresher training when employees have deficiencies.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	evidence longer than 2 years will be removed this file due to DCI rules.	
1.8	<p>Additionally, the Office of Internal Audit recommends the Fayetteville Police Department review the training and guidelines given to officers/detectives on property and evidence processing, and educate them on the impact if property and evidence is not processed correctly. Refresher training should be provided to all applicable Department personnel on ALL property and evidence operating procedures.</p>	<p>The review of the entire Police Department Evidence and Property Operating Procedure Policy is being addressed to ensure the implementation of an updated policy will cover operational and legal restrictions. The Police Department will await the research and recommendations from the City of Fayetteville Police Attorneys who have been working to find the best operating procedure policy to recommend to the Police Department. Once the recommendations have been submitted, the Police Department will update departmental operating procedure policies to ensure they are</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The Evidence and Property Room has continued to follow the last available version from 2016. By December 2018, the Fayetteville Police Department Evidence and Property Room will have to complete two internal audits, one announced and one unannounced. The City of Fayetteville Police Attorney has been consulted and the operating procedure will be updated to</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The Evidence and Property Room has continued to follow the last available version from 2016. By December 2018, the Fayetteville Police Department Evidence and Property Room will have to complete two internal audits, one announced and one unannounced. The City of Fayetteville Police Attorney has been consulted and the operating procedure will be updated to</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

		<p>in compliance with the listed recommendations regarding of audits and inspections of the unit. The Police Department always conducts training when a new policy is updated or created for all the employees, when procedures are changed extensively it will require even more training. There are also times when the training can be placed on our PowerDMS platform as a video in order to be able to go back to review again as a refresher training when employees have deficiencies.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>address the process for internal audits and inspections. It is the intention that this process will encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits. The final policy remains under review by the City of Fayetteville Police Attorney.</p>	<p>address the process for internal audits and inspections. It is the intention that this process will encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits.</p>
2.1	<p>Conduct a full and complete inventory of all currency to determine the amount being maintained in the Property and Evidence Unit, to include counterfeit and foreign currency. Records within RMS should be updated accordingly.</p>	<p>The implementation of this recommendation is contingent upon our research and is awaiting recommendations for the implementation of cash handling procedural processes. This will also depend on the creation of a bank account for the storage of funds and</p>	<p>Not Implemented</p> <p>The armored car options to transport money to the bank were discussed with Finance. This will not work for Fayetteville Police Department's needs based on</p>	<p>Not Implemented</p> <p>The armored car options to transport money to the bank were discussed with Finance. This will not work for Fayetteville Police Department's needs based on</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018
A2018-01 Evidence and Property Management				
		<p>communication with the District Attorney’s Office to determine if any funds will not be able to go into the financial institution. Currently, request has been made to the Finance Department for assistance. Counterfeit money will not be able to be held in the financial institution and will for the most part be turned over to the Secret Service. Foreign currency will be discussed with the financial institution for recommendations on how to handle. With the expectation of implementing cash handling procedures and transferring the funds into a financial institution, an inventory will be conducted simultaneously and RMS will be updated accordingly.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>“evidence” related chain of custody issues. Finance personnel have requested a timeframe when the deposit of all currency into a non-interest producing account will begin. Moving the currency to the Financial Institution will trigger the 100% inventory and accountability of all currency, foreign and counterfeit included. This information was passed on to appropriate Police Department personnel for follow-up related to the overall cost. No changes at this time.</p>	<p>“evidence” related chain of custody issues. Finance personnel have requested a timeframe when the deposit of all currency into a non-interest producing account will begin. Moving the currency to the Financial Institution will trigger the 100% inventory and accountability of all currency, foreign and counterfeit included. This information was passed on to appropriate Police Department personnel for follow-up related to the overall cost.</p>
2.2	Amend Operating Procedure 6.2 to provide clear guidance consisting of defining database fields and use	This will be addressed with the updated Operating Procedure 6.2	Not Implemented	Not Implemented

**Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

	of coding for all types of property and evidence in RMS; to include how debit, credit, gift or EBT cards and check or money orders should be classified and stored.	that the City of Fayetteville Police Attorneys are currently working on. Responsible Party: Specialized Services Division Commander Implementation Date: 03/10/2019	The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated.	The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated.
2.3	Review the property and evidence items converted from Visionaire RMS to ONESolution RMS to determine if disposing is an option. As these items are being disposed based on the current legal, approved procedures, the missing and inconsistent information should be reviewed and updated at that time.	This will be addressed once the renovation of the first floor of the Police Department is completed, it will allow for more physical space to move items off the shelf and complete an accurate inventory when we move items for management of property/evidence items and more storage evaluation for evidence. This inventory will also provide the opportunity to ensure property and evidence items in ONESolution RMS, specifically converted data, are accurate and complete. Responsible Party: Specialized Services Division Commander Implementation Date: 03/10/2019	Partially Implemented The re-organization of the first floor area of the Police Department is almost complete. This will be complete in the next 30-days. The Property and Evidence Room staff is looking at organizational methods to maximize space and streamline process overall. As part of that, destruction is very important to the overall process. During the summer months, an intern was hired to assist with the research and authorship of court orders to destroy property from 2002 forward. Those orders are currently with the City of Fayetteville Police Attorneys awaiting signature from a judge.	Not Implemented The re-organization of the first floor area of the Police Department is almost complete. This will be complete in the next 30-days. The Property and Evidence Room staff is looking at organizational methods to maximize space and streamline process overall. As part of that, destruction is very important to the overall process. During the summer months, an intern was hired to assist with the research and authorship of court orders to destroy property from 2002 forward. Those orders are currently with the City of Fayetteville Police Attorneys awaiting signature from a judge.

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

			An intern was hired and completed their internship assisting with destroying of property. Police Department staff continues to work on property destruction when possible.	
2.4	For all other items required to be maintained, management should determine if the costs of using resources to “clean up” the data in ONESolution RMS for property and evidence outweigh the risk of missing and inconsistent data. Once management determines what risks are unacceptable, a process should be established to update any data for which an update is considered necessary.	This process of “clean up” involves a transition of information that occurred 7-8 year ago from an outdated RMS program to the OneSolution RMS program being used. The transition was done in such a manner that all the data was not transitioned clearly enough to verify the items. A quote will have to be acquired from a vendor working with IT to determine recommendation if it is even possible, feasibility and the financial impact before this can be completed. Responsible Party: Specialized Services Division Commander Implementation Date: 03/10/2019	Not Implemented Currently, a quote has not been received to determine costs to have this information within OneSolution RMS cleaned up because destruction orders are being prepared for the older property and many of these items are included in this process. No change	Not Implemented Currently, a quote has not been received to determine costs to have this information within OneSolution RMS cleaned up because destruction orders are being prepared for the older property and many of these items are included in this process.
3.1	Management should consider having RMS Administration supervised by the Information	The RMS Administrator’s function and oversight is not a conflict of interest regarding segregation of	Management did not concur and will not be implementing this recommendation.	Management did not concur and will not be implementing this recommendation.

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

	Technology Department. This should not only alleviate the current conflict of interest but would allow personnel to supervise this position with knowledge of the need for segregation of duties, access controls and security over RMS.	duties. We do agree including additional personnel to support the RMS Administrators functions in order to not have a single point of failure if they are away.		
3.2	Management should implement formal written procedures for software user account management to include developing a process to periodically review the access list and identify authorized users of RMS and specify access rights.	We will ensure we follow the City of Fayetteville’s Information Technology standards for the maintenance of software user account management. We have already began developing an accountability form for each employee which will determine the user rights and restrictions depending on their position within the department. As the Property and Evidence Operational Procedures policy is established, we will determine if the written procedure needs to be included in that policy. As personnel move throughout the department an updated form for identifying authorized users of RMS will be updated. Responsible Party: Specialized Services Division Commander	Partially Implemented This process is still being worked on, but as part of the process, when employees within the Fayetteville Police Department leave the agency or are transferred within the agency, they now have to out process through the RMS Manager and their rights are changed or removed. A policy has been drafted and is awaiting the Police Chief’s signature outlining the process for removing former employees from all user accounts.	Not Implemented This process is still being worked on, but as part of the process, when employees within the Fayetteville Police Department leave the agency or are transferred within the agency, they now have to out process through the RMS Manager and their rights are changed or removed.

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

		Implementation Date: 03/10/2019		
3.3	Management should check with Superior to determine if RMS can be updated to assign the PR# after the record has been saved. If not, management should look at the process which allows Department personnel to cancel out of a record after the PR# has been assigned to determine if a change in the process could prevent the need for Department personnel to cancel out of the record. If a process cannot be established to prevent this, determine if a process can be implemented which would allow approval and tracking when a record is canceled after the PR# has been assigned.	<p>We have confirmed the software does not have any options outside the process we have implemented. We have established a process and approval/tracking system that will ensure the person updating the error is the actual person submitting the evidence. Management will also attempt to determine what the commonality of the errors were (3,572 PR#'s). Whereas, management will review discrepancies to attempt to reduce the errors and improve efficiency, reduce rework.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>Partially Implemented</p> <p>A process and approval/tracking system has been established that will ensure the person updating the error is the actual person submitting the evidence. Management is analyzing the errors to determine the commonality. No change</p>	<p>Partially Implemented</p> <p>A process and approval/tracking system has been established that will ensure the person updating the error is the actual person submitting the evidence. Management is analyzing the errors to determine the commonality.</p>
4.1	Continue to research the whereabouts of the two items missing and notify the courts and attorneys as deemed necessary.	When items are missing and unable to be located, the chain of command will be notified with a memorandum and a supplemental report will be established and entered for records. The process of notifications will	<p>Implemented</p> <p>While locating items for destruction, these items were located and have been placed in</p>	<p>Implemented</p> <p>While locating items for destruction, these items were located and have been placed in</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

		include any courts or attorneys which need notification related to an investigation. Responsible Party: Specialized Services Division Commander Implementation Date: 03/10/2019	the correct locations and updated in RMS.	the correct locations and updated in RMS.
4.2	Procedures for notifying management, to include Police Attorney, should be established when property and evidence is designated missing.	When items are missing and unable to be located, the chain of command will be notified with a memorandum and a supplemental report will be established and entered for records. The process of notifications will include any courts or attorneys which need notification related to an investigation. Responsible Party: Specialized Services Division Commander Implementation Date: 03/10/2019	Implemented A process has been established when items are missing and unable to be located.	Implemented A process has been established when items are missing and unable to be located.
4.3	Quarterly audits for high-risk items, cash, firearms, narcotics and jewelry, should be considered until steps can be taken to improve data integrity and reduce the inventory	Random quarterly audits are important for high value items and the property room as a whole. Upon the completion of Operating Procedure 6.2 this will be evaluated to determine if we will restrict this to	Not Implemented The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being	Not Implemented The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

	level of property and evidence through the disposal process.	<p>only the high risk items or include more random audits for the entire Property and Evidence Unit.</p> <p>As the City of Fayetteville Police Attorneys are researching and evaluating other operating procedural policies to make recommendations for changes. The operating procedural policy will address the manner in which audits are completed.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>updated, whereas, this will be addressed in the updated policy. The final policy remains under review by the City of Fayetteville Police Attorney.</p>	<p>updated, whereas, this will be addressed in the updated policy.</p>
5.1	The Office of Internal Audit recommends management amend written operating procedures to ensure consistency and reliability of information and provide adherence to laws and regulations. Additionally, not only should management amend the operating procedures specifically referred to in this audit, but all operating	<p>The updated Operating Procedure 6.2 will clearly identify these matters and the Evidence Room Staff will be tasked with following those processes and checking for accuracy.</p> <p>Responsible Party: Specialized Services Division Commander</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. The Property and Evidence Room staff does a visual review to ensure accuracy to the data that is inputted. The</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. The Property and Evidence Room staff does a visual review to ensure accuracy to the data that is inputted.</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

	<p>procedures in which evidence and property management is addressed. The procedures should be amended to include sufficient guidance to allow an individual who is unfamiliar with the operations to perform the necessary activities. Finally, subject matter experts should be included in updating and reviewing the procedures to ensure only attainable and realistic requirements are included.</p> <p>Some possible improvements to operating procedures based on Internal Audit’s observations include the following, but are not limited to:</p> <ol style="list-style-type: none"> 1. Specific requirements should be listed to ensure sufficient and consistent descriptions are documented for all property and evidence; 	<p>Implementation Date: 03/10/2019</p>	<p>final policy remains under review by the City of Fayetteville Police Attorney.</p>	
5.2	The Office of Internal Audit recommends management amend written operating procedures to	The updated Operating Procedure 6.2 will clearly identify these matters and the Evidence Room	Not Implemented	Not Implemented

**Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

	<p>ensure consistency and reliability of information and provide adherence to laws and regulations. Additionally, not only should management amend the operating procedures specifically referred to in this audit, but all operating procedures in which evidence and property management is addressed. The procedures should be amended to include sufficient guidance to allow an individual who is unfamiliar with the operations to perform the necessary activities. Finally, subject matter experts should be included in updating and reviewing the procedures to ensure only attainable and realistic requirements are included.</p> <p>Some possible improvements to operating procedures based on Internal Audit’s observations include the following, but are not limited to:</p> <p>2. Clear realistic expectations of personnel’s responsibilities to</p>	<p>Staff will be tasked with following those processes and checking for accuracy.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. The Property and Evidence Room staff does a visual review to ensure accuracy to the data that is inputted. The final policy remains under review by the City of Fayetteville Police Attorney.</p>	<p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. The Property and Evidence Room staff does a visual review to ensure accuracy to the data that is inputted.</p>
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**Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

	ensure the accuracy of the description, type, and amount of property should be clarified;			
5.3	<p>The Office of Internal Audit recommends management amend written operating procedures to ensure consistency and reliability of information and provide adherence to laws and regulations. Additionally, not only should management amend the operating procedures specifically referred to in this audit, but all operating procedures in which evidence and property management is addressed. The procedures should be amended to include sufficient guidance to allow an individual who is unfamiliar with the operations to perform the necessary activities. Finally, subject matter experts should be included in updating and reviewing the procedures to ensure only attainable and realistic requirements are included.</p> <p>Some possible improvements to operating procedures based on</p>	<p>The procedures will be updated to reflect that the responsible Officers will weigh narcotics prior to being packaged and entered into the Property and Evidence Room. If the narcotics are forwarded to the laboratory then the lab will be responsible for the accurate measuring of the narcotics. If the narcotics do not go to the laboratory, then the responsible officer's weight prior to being packaged will be used as the weight on record.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	Not Implemented	Not Implemented
			<p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. The final policy remains under review by the City of Fayetteville Police Attorney.</p>	<p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated.</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

	Internal Audit's observations include the following, but are not limited to: 3. Address how the weight of narcotic evidence is to be determined and the requirements for determining the weight if the narcotic evidence does not go to a laboratory;			
5.4	The Office of Internal Audit recommends management amend written operating procedures to ensure consistency and reliability of information and provide adherence to laws and regulations. Additionally, not only should management amend the operating procedures specifically referred to in this audit, but all operating procedures in which evidence and property management is addressed. The procedures should be amended to include sufficient guidance to allow an individual who is unfamiliar with the operations to perform the necessary activities.	The updated Operating Procedure 6.2 will accurately address these concerns and implementation will be monitored by the Evidence Room Staff. The City of Fayetteville Police Attorneys are reviewing the Operating Procedure Policy for recommendations to updating to ensure this will address the procedure for items entering Property. Property will not be accepted into the evidence room without all fields completed or addressed in RMS. This will be the	Not Implemented The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. The Property and Evidence Room is currently operating from the March 2016 version. The final policy remains under review by the City of Fayetteville Police Attorney.	Not Implemented The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. The Property and Evidence Room is currently operating from the March 2016 version.

**Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

	<p>Finally, subject matter experts should be included in updating and reviewing the procedures to ensure only attainable and realistic requirements are included.</p> <p>Some possible improvements to operating procedures based on Internal Audit's observations include the following, but are not limited to:</p> <p>4. Update procedures on the process change of using laboratories other than SBI;</p>	<p>submitting officer's responsibility to complete.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>		
5.5	<p>The Office of Internal Audit recommends management amend written operating procedures to ensure consistency and reliability of information and provide adherence to laws and regulations. Additionally, not only should management amend the operating procedures specifically referred to in this audit, but all operating procedures in which evidence and property management is addressed. The procedures should be amended</p>	<p>The updated Operating Procedure 6.2 will accurately address these concerns and implementation will be monitored by the Evidence Room Staff.</p> <p>The City of Fayetteville Police Attorneys are reviewing the Operating Procedure Policy for recommendations to updating to ensure this will address the procedure for items entering Property. Property will not be</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. The Property and Evidence Room is currently operating from the March 2016 version. The final policy remains under review by the City of Fayetteville Police Attorney.</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. The Property and Evidence Room is currently operating from the March 2016 version.</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

	<p>to include sufficient guidance to allow an individual who is unfamiliar with the operations to perform the necessary activities. Finally, subject matter experts should be included in updating and reviewing the procedures to ensure only attainable and realistic requirements are included.</p> <p>Some possible improvements to operating procedures based on Internal Audit’s observations include the following, but are not limited to:</p> <p>5. Clarify what types of property and evidence can be opened to include the persons allowed to open each specific type of property and evidence;</p>	<p>accepted into the evidence room without all field completed or addressed in RMS. This will be the submitting officer’s responsibility to complete.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>		
5.6	<p>The Office of Internal Audit recommends management amend written operating procedures to ensure consistency and reliability of information and provide adherence to laws and regulations. Additionally, not only should</p>	<p>The updated Operating Procedure 6.2 will accurately address these concerns and implementation will be monitored by the Evidence Room Staff.</p>	Not Implemented	Not Implemented
			<p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. The Property and</p>	<p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. The Property and</p>

**Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

	<p>management amend the operating procedures specifically referred to in this audit, but all operating procedures in which evidence and property management is addressed. The procedures should be amended to include sufficient guidance to allow an individual who is unfamiliar with the operations to perform the necessary activities. Finally, subject matter experts should be included in updating and reviewing the procedures to ensure only attainable and realistic requirements are included.</p> <p>Some possible improvements to operating procedures based on Internal Audit's observations include the following, but are not limited to:</p> <p>6. Review and update operating procedures for areas impacted when ONESolution RMS was implemented.</p>	<p>The City of Fayetteville Police Attorneys are reviewing the Operating Procedure Policy for recommendations to updating to ensure this will address the procedure for items entering Property. Property will not be accepted into the evidence room without all field completed or addressed in RMS. This will be the submitting officer's responsibility to complete.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>Evidence Room is currently operating from the March 2016 version. The final policy remains under review by the City of Fayetteville Police Attorney.</p>	<p>Evidence Room is currently operating from the March 2016 version.</p>
6	<p>Management should review and update the operating procedure as deemed applicable to ensure</p>	<p>The Evidence Room Operating Policy re-write and the follow</p>	Not Implemented	Not Implemented

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

	Department personnel understand the importance of the guidelines related to biohazard labeling and appropriate storage of food and liquid beverages.	though and implementation of that policy. Responsible Party: Specialized Services Division Commander Implementation Date: 03/10/2019	The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. The Property and Evidence Room is currently operating from the March 2016 version. The final policy remains under review by the City of Fayetteville Police Attorney.	The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. The Property and Evidence Room is currently operating from the March 2016 version.
7.1	If currency continues to be maintained in the Property and Evidence Unit, Internal Audit recommends management consider maintaining the currency in fireproof safes.	A review of cost to purchase and implement a camera system and an appropriate fire proof safe is being researched. The primary focus is to remove the bulk of the currency to a non-interest bearing bank account. Responsible Party: Specialized Services Division Commander Implementation Date: 03/10/2019	Not Implemented The Property and Evidence Room staff has received a quote to have a fire proof safe installed into the Fayetteville Police Department Evidence Room. This will be purchased after construction of the first floor is complete to ensure that there is sufficient room for the safe as well as putting it in place one time and not having to move the very heavy item a second time. Evidence Supervisor is awaiting quotes from various companies on the proper safe.	Not Implemented The Property and Evidence Room staff has received a quote to have a fire proof safe installed into the Fayetteville Police Department Evidence Room. This will be purchased after construction of the first floor is complete to ensure that there is sufficient room for the safe as well as putting it in place one time and not having to move the very heavy item a second time.

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

7.2	In addition, Internal Audit recommends working cameras be installed and utilized to provide surveillance in all areas where property and evidence are stored.	<p>A review of cost to purchase and implement a camera system and an appropriate fire proof safe is being researched. The primary focus is to remove the bulk of the currency to a non-interest bearing bank account.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>Implemented</p> <p>The camera install was completed on October 10, 2018 and all are operational.</p>	<p>Not Implemented</p> <p>The cameras will be installed upon the completion of the renovation construction and the move of different areas of the property and evidence room.</p>
8	Management should determine if these delays in time between when the property and evidence was seized and turned over to the Property and Evidence Unit’s custody appear reasonable and appropriate. If it appears appropriate, management should ensure the process is sufficient to safeguard the items and ensure the integrity of the chain of custody is maintained.	<p>The Police Department conducted the research regarding the listed items found the following:</p> <ul style="list-style-type: none"> • Reviewed all cases that were identified by the audit team and each case was a prolonged narcotic investigation that began on a date but continued for a length of time afterward. • As the officers continued the investigation, they would purchase narcotics or complete a search warrant and seize items on a date that was different from the original report. 	<p>Implemented</p> <p>This matter has been corrected and discussions with the chain of commands have been made. The Property and Evidence Room Staff has been instructed that if there is a delay in property being entered into RMS and then turned into the evidence room for storage they are to not accept the property until it is corrected.</p>	<p>Implemented</p> <p>This matter has been corrected and discussions with the chain of commands have been made. The Property and Evidence Room Staff has been instructed that if there is a delay in property being entered into RMS and then turned into the evidence room for storage they are to not accept the property until it is corrected.</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

		<ul style="list-style-type: none"> • The officer entering those items into the Evidence Module would allow the system to auto-populate the location and date and time in the evidence module, the error occurs here because the system pulls in the original reporting information from the first report. • The evidence staff has been trained and instructed not to accept this and have the officer update the information. • The narcotic unit has also been trained to not rely on the auto-populate feature. • No documented issues since this change. <p>If they should occur in the future and it is not a result of the above auto population process, the Evidence Room Staff will bring this to attention of the officer’s Chain of Command for correction or investigation.</p> <p>Responsible Party: Specialized Services Division Commander</p>		
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**Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
		Implementation Date: 03/10/2019		
9	The Office of Internal Audit recommends management refer to IAPE Standard 9.6 through 9.8 on the destruction of drugs to incorporate these standards in the processes utilized by the Department, and update written operating procedures based on the management approved process.	The Evidence Room Operating Procedure Policy will be re-written and include the standards based on best practice. Responsible Party: Specialized Services Division Commander Implementation Date: 03/10/2019	Not Implemented In February 2018, a memorandum for record was completed that outlines the current destruction process until Operating Procedure 6.2 is updated. No change to this section.	Not Implemented In February 2018, a memorandum for record was completed that outlines the current destruction process until Operating Procedure 6.2 is updated.
10	Internal Audit recommends all aspects of property and evidence, including, but not limited to intake, storage and destruction undergo a review process by a supervisor or higher to ensure accurate information is recorded during the intake process; items are securely stored; items are processed correctly for disposal; and issues can be addressed in a timely manner.	All Property Staff is responsible for reviewing items and returning to employee for corrections if needed. They are the gate keepers for this information and ensuring that the information entered into RMS is accurate and complete to the best of their knowledge. The RMS Administrator is looking into the possibility of making fields mandatory and RMS not allowing the submission until those fields were completed. The random and scheduled audits will address reviewing for all items listed in this recommendation.	Partially Implemented The Evidence Room Staff has been empowered to identify errors in the input of data into RMS and the packaging of items for entry into the Evidence and Property Room. When errors are identified, the staff notifies the officer and the immediate Chain of Command to fix the errors. The disposal process continues to be reviewed to ensure it is efficient in identifying items to be destroyed, the amount of time to get the appropriate orders signed and the overall	Partially Implemented The Evidence Room Staff has been empowered to identify errors in the input of data into RMS and the packaging of items for entry into the Evidence and Property Room. When errors are identified, the staff notifies the officer and the immediate Chain of Command to fix the errors. The disposal process continues to be reviewed to ensure it is efficient in identifying items to be destroyed, the amount of time to get the appropriate orders

**Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

		<p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	destruction of the item. No updates for this section.	signed and the overall destruction of the item.
11.1	<p>Management should create or amend operating procedures addressing matters observed during this audit. Emphasis should be placed on the classifications of property, methods of disposal, and procedures for disposition.</p> <p>1. Procedure updates for temporary removal of property from the evidence room should at a minimum include:</p> <p>a. A process for items released to court and the type of documentation required if retained;</p> <p>b. Specific procedures for transferring property and evidence items to other agencies and what documentation should be maintained;</p> <p>c. Authorization for the Forensics Unit to maintain</p>	<p>The review of the entire Police Department Evidence and Property Policy is being addressed to ensure the implementation of an updated policy will cover all items listed in Recommendation 11.1 – 11.6. The City of Fayetteville Police Attorneys have been working on this policy, until the policy is updated the department will continue to look at the operational issues addressed in this recommendation.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. Property and Evidence staff continues to follow the Operating Procedure put into place in March 2016. The final policy remains under review by the City of Fayetteville Police Attorney.</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. Property and Evidence staff continues to follow the Operating Procedure put into place in March 2016.</p>

**Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

	evidence and procedures for maintenance; and d. Instructions for a (“checked out”) tickler file system and how follow-up should be documented.			
11.2	<p>Management should create or amend operating procedures addressing matters observed during this audit. Emphasis should be placed on the classifications of property, methods of disposal, and procedures for disposition.</p> <p>2. There are specific observations relating to current Operating Procedure 6.2.8, but overall Internal Audit concluded, management should have a documented review process outlining steps to evaluate each item of property and evidence for disposal, to include specifying what considerations should be made, and at a minimum should include:</p> <p>a. Procedures for obtaining proper authorization for final</p>	<p>The review of the entire Police Department Evidence and Property Policy is being addressed to ensure the implementation of an updated policy will cover all items listed in Recommendation 11.1 – 11.6. The City of Fayetteville Police Attorneys have been working on this policy, until the policy is updated the department will continue to look at the operational issues addressed in this recommendation.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. Property and Evidence staff continues to follow the Operating Procedure put into place in March 2016. The final policy remains under review by the City of Fayetteville Police Attorney.</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. Property and Evidence staff continues to follow the Operating Procedure put into place in March 2016.</p>

**Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)**

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	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

	<p>disposition of property and evidence;</p> <p>b. Guidelines for returning items to identified owners;</p> <p>c. Guidelines for disposal of items requiring special consideration;</p> <p>d. Guidelines to ensure lawful disposal of property and evidence;</p> <p>e. Reconciliations of all computerized data systems and hard-copy paperwork to reflect the final disposition of property and evidence items, including who authorized and handled the release or destruction, and to whom items were released; and</p> <p>f. Define Department personnel roles to retain property and evidence or process for disposal.</p>			
11.3	<p>Management should create or amend operating procedures addressing matters observed during this audit. Emphasis should be placed on the classifications of property, methods of disposal, and procedures for disposition.</p>	<p>The review of the entire Police Department Evidence and Property Policy is being addressed to ensure the implementation of an updated policy will cover all items listed in Recommendation 11.1 – 11.6. The City of Fayetteville Police Attorneys</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. Property and Evidence</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. Property and Evidence</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

	<p>3. Although there are specific observations relating to the current Operating Procedure 6.2.9, Internal Audit concluded that overall, when reviewing the current operating procedure, specific guidelines, procedures and methods of disposal including guidelines for unclaimed property and how property transitions to the unclaimed property process for all categories of property held in the Property and Evidence Unit did not exist. Category specific guidelines should at a minimum include:</p> <p>a. Defined officer/detective role in retaining property and evidence to ensure compliance with North Carolina General Statutes;</p> <p>b. When identification is needed and what documentation should be recorded; and</p> <p>c. When serial numbers should be verified; the form of documentation required when serial numbers are verified; and the</p>	<p>have been working on this policy, until the policy is updated the department will continue to look at the operational issues addressed in this recommendation.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>staff continues to follow the Operating Procedure put into place in March 2016. The final policy remains under review by the City of Fayetteville Police Attorney.</p>	<p>staff continues to follow the Operating Procedure put into place in March 2016.</p>
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
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A2018-01 Evidence and Property Management

	type of disposal requiring serial numbers to be verified.			
11.4	<p>Management should create or amend operating procedures addressing matters observed during this audit. Emphasis should be placed on the classifications of property, methods of disposal, and procedures for disposition.</p> <p>4. Procedures should include specific guidelines for valuables and sensitive items.</p> <p>a. Guidelines for disposal of firearms at a minimum should include releasing, methods of disposal, destruction and adherence to federal, state and local law;</p> <p>b. Guidelines for disposal of narcotics, at a minimum should include packaging and preparation for disposal; methods of destruction; destruction of large amounts and precautions for hazardous chemicals;</p> <p>c. Guidelines for disposal of currency and other high value items, at a minimum should include</p>	<p>The review of the entire Police Department Evidence and Property Policy is being addressed to ensure the implementation of an updated policy will cover all items listed in Recommendation 11.1 – 11.6. The City of Fayetteville Police Attorneys have been working on this policy, until the policy is updated the department will continue to look at the operational issues addressed in this recommendation.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. Property and Evidence staff continues to follow the Operating Procedure put into place in March 2016. The final policy remains under review by the City of Fayetteville Police Attorney.</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. Property and Evidence staff continues to follow the Operating Procedure put into place in March 2016.</p>

**Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

	consideration for evidentiary value; accurate accounting for funds and high value items held in evidence; and methods of disposal; and d. Guidelines for biological/biohazardous items should at a minimum include compliance with all applicable state and local environmental health concerns; and use of qualified/approved disposal vendors and disposal sites.			
11.5	Management should create or amend operating procedures addressing matters observed during this audit. Emphasis should be placed on the classifications of property, methods of disposal, and procedures for disposition. 5. The Office of Internal Audit recommends management establish internal controls to ensure personnel are in compliance with North Carolina General Statutes. Some possible areas where internal controls should be established based on Internal Audit's	The review of the entire Police Department Evidence and Property Policy is being addressed to ensure the implementation of an updated policy will cover all items listed in Recommendation 11.1 – 11.6. The City of Fayetteville Police Attorneys have been working on this policy, until the policy is updated the department will continue to look at the operational issues addressed in this recommendation. Responsible Party: Specialized Services Division Commander	Not Implemented The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. Property and Evidence staff continues to follow the Operating Procedure put into place in March 2016. The final policy remains under review by the City of Fayetteville Police Attorney.	Not Implemented The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. Property and Evidence staff continues to follow the Operating Procedure put into place in March 2016.

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

	<p>observations include the following, but are not limited to:</p> <p>a. Publication should state the items will be “sold or disposed of” or “sold or otherwise disposed of”; and</p> <p>b. Auction proceeds should be distributed to the Cumberland County Board of Education within 30 days after the sale.</p>	Implementation Date: 03/10/2019		
11.6	<p>Management should create or amend operating procedures addressing matters observed during this audit. Emphasis should be placed on the classifications of property, methods of disposal, and procedures for disposition.</p> <p>6. Any amendment to current procedures should account for obsolete practices and be consistent with federal, state, and local requirements. In addition, procedures should speak to federal, state and local retention requirements for each category of property and evidence; and should</p>	<p>The review of the entire Police Department Evidence and Property Policy is being addressed to ensure the implementation of an updated policy will cover all items listed in Recommendation 11.1 – 11.6. The City of Fayetteville Police Attorneys have been working on this policy, until the policy is updated the department will continue to look at the operational issues addressed in this recommendation.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. Property and Evidence staff continues to follow the Operating Procedure put into place in March 2016. The final policy remains under review by the City of Fayetteville Police Attorney.</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. Property and Evidence staff continues to follow the Operating Procedure put into place in March 2016.</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-01 Evidence and Property Management

	include a review of ALL operating procedures to ensure consistency as it relates to property and evidence and the disposal process.			
12	Management should develop and implement a strategic plan to address the increasing levels of property and evidence maintained by the Property and Evidence Unit, and the possible need of additional facilities to store property and evidence.	<p>The Fayetteville Police Department is currently in the process of re-design associated with various areas of the police administrative building and this includes the evidence section. The City of Fayetteville Police Attorneys will assist in addressing the issues and allow Property Room Staff to operate with the guidelines that he has established in accordance with state and federal laws.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>Not Implemented</p> <p>The redesign of the Fayetteville Police Department is approximately 30-days from completion which will allow for a higher than normal volume of property contained within the Property and Evidence Room. The additional space for evidence is still being developed. The identified locations have been cleared and in the process of being reconfigured to receive evidence.</p>	<p>Not Implemented</p> <p>The redesign of the Fayetteville Police Department is approximately 30-days from completion which will allow for a higher than normal volume of property contained within the Property and Evidence Room.</p>

**Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-03 Police Department Confidential Funds

1	<p>The Police Department personnel should assess the reporting and review process for confidential funds and take steps to correct any deficiencies in the process to ensure departmental objectives are achieved and departmental responsibilities are met. The process should be well documented in operating procedures so as to set forth requirements and expectations; to ensure consistency and reliability of information; and to provide adherence to applicable policies, laws and regulations.</p>	<p>We concur. Management is in full agreement with the recommendation.</p> <p>Departmental personnel will regularly review the process and document during their monthly reconciliation of confidential funds to ensure departmental objectives are achieved and the departmental policies are effective and efficient. Additionally, the Captain over the Narcotics Unit will be responsible for ensuring the process is reviewed and documentation is submitted in a timely manner no later than two months after the monthly reconciliation.</p> <p>Responsible Party: Captain over Narcotics Unit</p> <p>Implementation Date: Effective immediately, this process will begin and continue to be prioritized for accuracy and compliance.</p>	<p style="color: red;">Partially Implemented</p> <p style="color: red;">The Police Department is still researching industry “best practices” in considering a policy change that would specify an exact timeframe for confidential fund reconciliation reports. It should be noted the PD currently does not recommend a specific timeframe be implemented due to the possibility of unforeseen delays and the potential to violate this policy. An example would be any natural disaster like the recent hurricane which could prevent these reports from being forwarded.</p> <p style="color: red;">However, the Police Department has conducted a review of the reconciliation process and has removed several steps in order to expedite the forwarding of reconciliation reports. This new process has proven to be more efficient while ensuring the</p>	<p style="color: red;">Partially Implemented</p> <p style="color: red;">Management has implemented the review process and the proper documentation of the review by the chain of command is being maintained to ensure it does not fall outside the two month reconciliation period.</p> <p style="color: red;">In addition, the policy is also being reviewed to ensure consistency, efficiency and reliability of information. The changes in the policy are being reviewed to adhere to applicable laws and regulations before any efficiency changes are made. This will require a final legal review.</p>
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-03 Police Department Confidential Funds

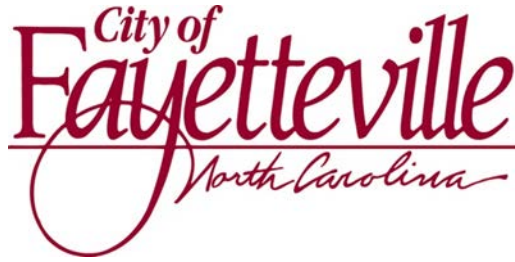
			integrity and accountability of the review process are maintained. This new streamlined process has resulted in reconciliation reports being completed/reviewed in under the suggested 60 days.	
2	The Police Department personnel should update operating procedures regarding the transfer of confidential funds (buy money) to/from the Evidence Room and RMS. The operating procedures should include management oversight independent of the confidential funds process to perform periodic audits of the transfers to/from the Evidence Room to ensure confidential funds are accounted for and reconcile to the Evidence Room records.	Management concurs. FPD Explanation: The Evidence and Property Management Section is conducting a 100% inventory of currency due to restrictions generated from our antiquated hand written evidence card system used prior to 2011. By conducting this inventory and updating RMS there will no longer be a need to sign the older evidence card when a transfer of funds is conducted. With each individual item receiving a barcode all items will be scanned in the system, signed by an evidence clerk and the person receiving the transfer. A copy will be presented to the individual receiving the transfer. When the item is transferred the Evidence section	Partially Implemented We are currently still operating under the need for a court order, per legal guidance, to return money from the Fayetteville Police Department Evidence Room to the owner. This includes returning money back to the Narcotic Unit. The updated policy may address this change in practice to include the narcotic unit being able to retrieve this money sooner but currently we don't have that process in place. We are in the process of obtaining court orders to give adjudicated funds to the school board and return confidential funds to the narcotic or other units. The	Partially Implemented Management is still in the process of updating the entire policy the Operating Procedure 6.2 Evidence and Property Management. Once the policy is completed, training will be conducted departmental wide. Until the updated procedures are completed, management has implemented a new card associated with the currency envelope indicating if it is buy money (Confidential Funds) and if it is not checked it will not be submitted into evidence for processing. This will also

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 25, 2018	Management Follow-up Response – August 23, 2018

A2018-03 Police Department Confidential Funds

		<p>will ensure that all boxes in RMS have been updated to reflect the transfer is complete. Page 6 of 7</p> <p>FPD Solution: FPD will update Operating Procedure 6.2, Evidence and Property Management to identify management oversight independent of the confidential funds process. The Technical Services Unit Supervisor will include an audit sampling of the transfers to/from the Evidence Room to be documented in the Monthly Evidence Room Inspection Report. Training on the revised policies will be provided to all personnel assigned to the Property and Evidence function.</p> <p>Responsible Party: Evidence Lieutenant</p> <p>Implementation Date: February 1, 2016</p>	<p>Evidence room is currently in the 2013 time period. To date we have returned 15 cases totaling \$1385.00 and have an additional 6 cases that we just received the court orders back to return an additional \$2150.00 to the narcotics unit</p>	<p>ensure accountability for monitoring the Confidential Funds until the new policy is completed. This will also enable the unit to identify Confidential Funds which need to be returned to the Narcotics Unit after an investigation.</p>
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**Compliance Audit 2017-01F
City-wide Travel and Training
Follow-up**

October 2018

Director of Internal Audit
Elizabeth Somerindyke

Senior Internal Auditor
Rose Rasmussen

Internal Auditor
Traci Carraway



OUR MISSION

Provide independent, objective assurance and consulting services designed to add value and improve the City of Fayetteville’s operations.

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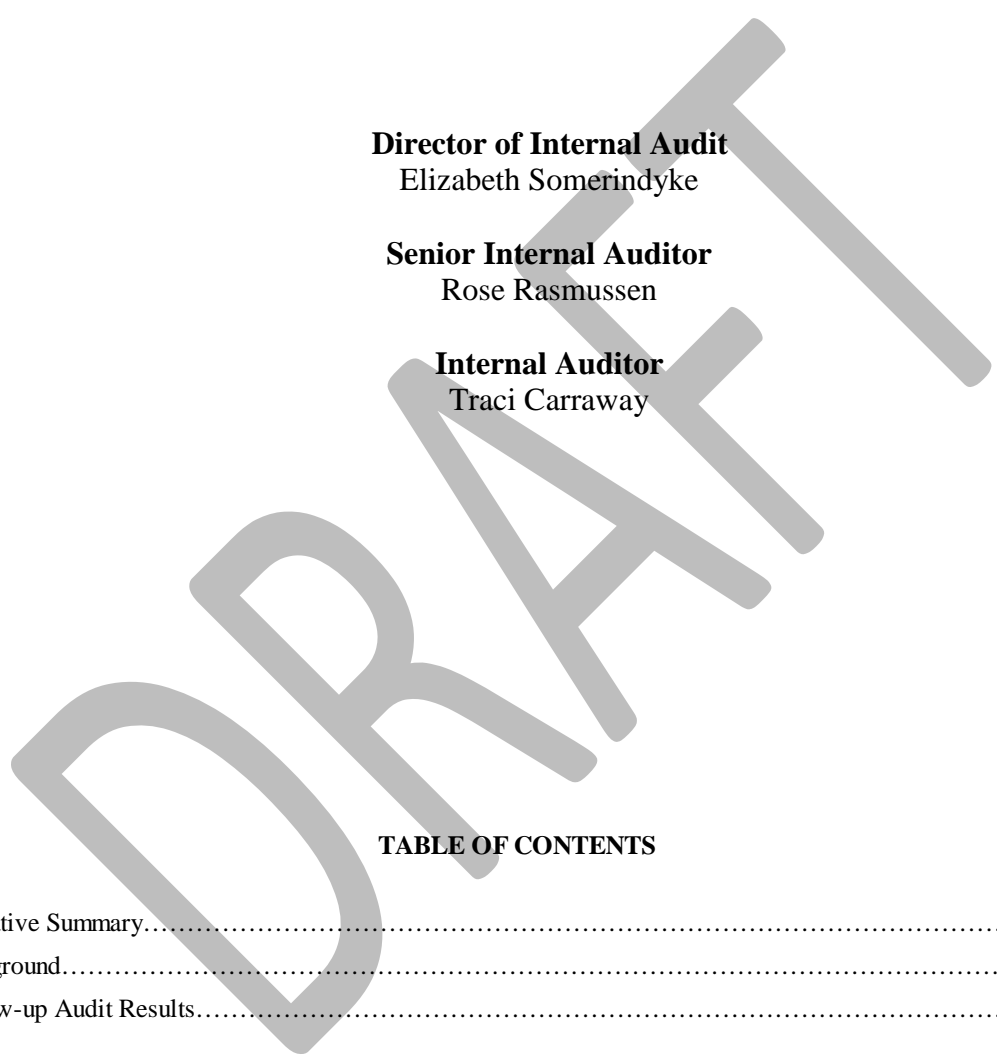


TABLE OF CONTENTS

Executive Summary..... 1
Background..... 1
Follow-up Audit Results..... 2

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Mailing Address: 433 Hay Street, Fayetteville, NC 28301

EXECUTIVE SUMMARY

In accordance with the Fiscal Year 2017-2018 Audit Plan, the Office of Internal Audit performed a follow-up to compliance Audit A2017-01 to report on the progress in addressing prior audit findings and recommendations. In order to meet the objectives, Internal Audit examined accounting documents; interviewed personnel, and tested records.

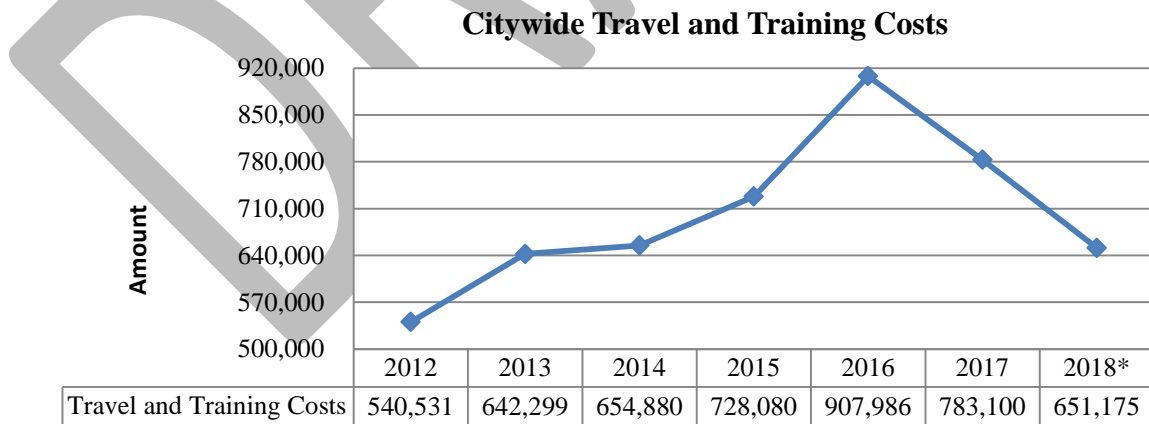
The original audit was conducted to assess compliance with relevant policies, procedures, laws, rules and regulations; and determine if resources were used in the most cost-effective manner for travel and training expenditures. The areas noted for improvement were:

1. Travel and training expenditures were not always in compliance with applicable policies.
2. Resources were not always used in the most cost-effective manner.
3. Sales tax was not always recorded correctly.

Although Internal Audit noted improvements, additional training and monitoring would further improve compliance with *City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures* as revised effective April 4, 2017. The audit recommendations are being closed as partially implemented.

BACKGROUND

It is the City of Fayetteville’s policy to pay business related expenses incurred while in out-of-town or overnight travel status while conducting City business authorized by Department Director or designee. *City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures* as revised effective April 4, 2017 defines the City’s travel policy. The Finance Department is responsible for the management and oversight of this policy. Department Directors are responsible for managing, approving, and reviewing budget appropriations and expenditures to support travel activities for their respective departments. For the fiscal year ended June 30, 2018, the City incurred \$651,175 of training and related travel expenditures. These expenditures also included City capital and grant funded training and related travel expenditures. The following chart documents total travel and training expenditures incurred by the City of Fayetteville since fiscal year 2012:



Fiscal Year and Total Expenditure

Source: JD Edwards Financial System

*As of July 25, 2018

The original audit was conducted to assess compliance with relevant policies, procedures, laws, rules and regulations; and determine if resources were used in the most cost-effective manner for travel and training expenditures. Internal Audit examined whether such expenses were: properly reviewed and authorized; supported by adequate documentations; and incurred and paid according to City policies. Recommendations were made for compliance with policy; cost-effective use of resources and treatment of sales taxes.

AUDIT OBJECTIVES

The objective of this audit was to determine if previously identified audit findings have been adequately addressed by management as stated in management’s responses.

AUDIT SCOPE

The scope of the audit included all travel and training related expenditures incurred from July 1, 2017 to April 30, 2018.

AUDIT METHODOLOGY

In order to meet the objectives, Internal Audit examined accounting documents; interviewed personnel; and tested records. In addition, Internal Audit:

- Obtained and reviewed *City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures* revised April 4, 2017;
- Obtained and reviewed travel and training expenditures from the general ledger dated July 1, 2017 to April 30, 2018;
- Selected a sample of expenditures and verified the:
 - Accuracy of travel advance/reimbursement calculations,
 - Adequacy of the supporting documentation, and
 - Proper approvals were present;
- Reviewed sampled expenditures for unusual activity to identify fraud, waste and abuse; and
- Interviewed employees in charge of processing travel expenditures.

An analysis of travel expenditures for July 1, 2017 through April 30, 2018 was performed. Three departments were judgmentally selected (Airport, Information Technology, and City Manager’s Office).

FOLLOW-UP AUDIT RESULTS (A2017-01)

Based on the results of follow-up test work, each original finding recommendation will be designated with one of the following four status categories:

<i>Implemented</i>	The finding has been addressed by implementing the original corrective action or an alternative corrective action.
<i>In Progress</i>	The corrective action has been initiated but is not complete.
<i>Not Applicable</i>	The recommendation is no longer applicable due to changes in procedures or changes in technology.
<i>Not Implemented</i>	The recommendation was ignored, there were changes in personnel levels, or management has decided to assume the risk.

Finding 1

Travel and training expenditures were not always in compliance with applicable policies.

A strong system of internal control requires policies and procedures written by management to ensure proper controls, safeguards and segregation of duties are in place. The development and use of policies and procedures are an integral part of a successful quality system as it provides personnel with the information and guidance to perform a job properly.

Internal Audit reviewed applicable federal, state and local policies, procedures, laws, rules and regulations relevant to the payment of travel expenditures to ensure compliance. This included: the *City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures*, *State of North Carolina Office of State Budget and Management Budget Manual*, the U.S. Department of Transportation Federal Transit Administration Circular *FTA C 9030.1E* and the *2015 DOJ Grant Financial Guide*. Upon review of these guidelines and the sampled travel expenditures, the following observations were made:

1. ***Reimbursement was made for meals served and included in registration cost.*** *City of Fayetteville Policy #307 Employee Development, Training, and Travel Expenditures* stated, reimbursement will not be made for any meal served where the cost was included in the registration fee, and the appropriate deduction from the Meals & Incidentals rate must be made. However, Internal Audit noted 25 instances within the Information Technology Department sample in which meals included in the registration cost were also paid to employees as a per diem meal allowance. Reimbursement of \$291 was requested from the respective employees.
2. ***Supervisory review and approval was not always documented.*** Requiring prior approval is an important step to ensure City and departmental policies and procedures are being followed, and help department directors manage travel budgets. In addition, when granting agencies require prior approvals for expenditures, noncompliance could place the City's grant funding at risk in full or at a minimum reimbursement for noncompliant expenditures. Internal Audit noted instances within the sample of all audited departments in which no documentation of prior approval was attached for the travel expenditure. Based on an Internal Audit inquiry, departments considered the travel advance request approval for the trip. However, all travel expenditures did not include a travel advance request.

Travel and training expenditures in which state grant funds were requested, the Transit Department could not provide prior written approval. However, the *State of North Carolina Office of State Budget and Management Budget Manual* required prior written approval by department head or his or her designee to reimburse for overnight lodging and meals.

City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures stated, "Car rentals, when pre-authorized and necessary, must be arranged by the individual traveler. Car rental charge receipts must be turned in with the employee expense statement to receive reimbursement. Car rental charges, not pre-approved, will require clear justification and approval by the Department Head." However, Internal Audit noted rental car payments within the Information Technology Department sample in which the department could not provide documentation showing prior authorization.

In addition, *City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures* stated, "Advanced authorization for local mileage reimbursement is required by the Department Head or authorized designee." However, an instance was noted within the Economic and Business Development Department sample in which local mileage reimbursement was requested, but the department could not provide written prior authorization. Based on an Internal Audit inquiry, the department was unaware that prior authorization was needed.

3. ***Mileage was calculated and paid from and/or to home versus the workplace.*** *City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures* stated, “Mileage reimbursement requests should be based on using mileage obtained from a navigation website (i.e., Mapquest.com) or actual odometer readings. Mileage using a personal vehicle shall always be calculated from the workplace. If the Traveler leaves directly from or drives directly back to home, normal commuting miles to the Traveler's workplace must be subtracted from the total trip mileage in calculating the reimbursement due.” In addition, the *State of North Carolina Office of State Budget and Management Budget Manual* stated, “Actual mileage is reimbursable. Mileage is measured from the closer of duty station or point of departure to destination (and return).” However, Internal Audit noted three mileage reimbursements within the Transit Department and Information Technology Departments’ samples calculated to and/or from the traveler’s home. One of the three was determined to be closer when calculated from home and reimbursement was not required. The remaining two were determined to be closer from the workplace. However, when calculated, the difference from the workplace was only \$1.20 for one reimbursement and \$0.86 for the other. Although minimal amounts were determined, reimbursements were requested from the employees.

4. ***Documentation of final expense reports was inadequate.*** *City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures* stated, “Employee's Expense Statements should be filled out and submitted within a reasonable time, generally not to exceed two weeks or ten business days. This is especially important when travel advances have been made to the traveler. If circumstances prevent completing the expense statement within a reasonable time the traveler may be required to return the advance in full and later request reimbursement by submitting the expense statement. Advances not returned to employer within a reasonable time after returning are subject to payroll deduction.” In addition, the policy required all individuals authorized or designated to approve travel requests should ensure the traveler understands the policy before the travel request is approved to include ensuring a final accounting of all trip expenditures is submitted to the Finance Department. However, employee expense statements reflecting the final accounting of the travel and training were not always noted for all departments sampled. Based on an Internal Audit inquiry, the departments indicated final expense reports were turned into the Finance Department.

Internal Audit requested 29 final expense reports, however, the Finance Department was only able to provide 21 final expense reports. Based on an Internal Audit inquiry, the final expense reports were filed behind the “original” check and were not affixed to the check. In addition, Finance Department personnel did not scan the final expense reports into Laser fiche (a document management portal used by the City). In reviewing the final expense reports provided, Internal Audit noted only two of the 21 final expense reports included all the expenditures for the trip. The remaining 19 final expense reports were missing expenditures which included: registration fees, lodging amounts, parking, airfare, mileage and meals. City policy required a “final accounting” and “Employee’s Expense Statement” but did not define what these should include.

5. ***Documentation for registration fees was not in compliance with policy.*** *City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures* stated, “Tuition for a class, registration fees for a seminar or conference and other fees that relate to attending the event for the stated purpose are considered registration fees. Registration fees must be substantiated by a complete brochure or agenda for the conference, seminar, class or convention being attended. Such fees will not be paid without the required documentation.” In the sample of all departments, Internal Audit found 36 payments for registration fees for which an agenda was not attached to the payment documentation. The documentation attached to support the payment did appear to substantiate payment of the registration fee. Proof of payment included, invoices, registration confirmation and copies of completed registration forms. In some instances, agendas are not provided for the class or training attended, and therefore, not feasible

to require as documentation for registration payment, for example, driver's safety classes at FTCC.

6. ***Documentation was lacking to substantiate travel related expenditures.*** An agenda is necessary to determine whether meals are provided at the seminar, conference or training attended and should be deducted from any per diem paid. Agendas also help determine the time the event started and ended to determine whether the traveler needed to travel a day before and/or a day after the event. Internal Audit requested 37 agendas from all departments sampled in order to ensure travel related payments were paid correctly. Based on an Internal Audit inquiry, the departments provided 12 agendas and were unable to provide the remaining 25 agendas. Without proper documentation, Internal Audit could not determine if all travel expenditures were calculated and paid correctly.

7. ***Reimbursements were made for valet parking.*** *City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures* stated, "Valet parking will not be reimbursed by the City of Fayetteville, unless it is the only parking available." Internal Audit noted three instances within the Information Technology Department sample in which valet parking was not the only parking available but was paid for on a City's procurement card or reimbursed to the traveler. A difference in the valet parking fee and the self-parking fee of \$6 was requested from the respective employees.

8. ***Actual versus per diem*** – *City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures* stated, "If the traveler chooses, the reimbursement for meals and lodging may be based on IRS approved per diems for the destination city. The choice must be for the entire duration of the trip. One may not use per diem for a day or days and actual cost reimbursement for other day(s) of the same trip. It should be noted that under both methods of reimbursement, hotel receipts are required." There was one instance noted within the Police Department sample in which \$24.72 for food and beverages plus associated sales tax was paid as part of the lodging payment on a City procurement card. However, the traveler was also paid per diem for the entire trip. Based on an Internal Audit inquiry, the department indicated the food and beverage costs were not detected upon traveler's return, and reimbursement to the City was not requested at the time. However, once Internal Audit notified the department, the employee reimbursed the City \$24.72.

In addition, Internal Audit noted for travel expenditures examined for all the departments sampled, whether meals were reimbursed at actual cost or paid per diem, employees were submitting actual receipts for lodging payments. The typical practice for City travel reimbursement was to allow per diem meals to be paid while allowing actual cost payments for lodging. As part of the City's travel policy, guidelines were outlined governing reimbursement for meals and lodging. The policy stated that meals and lodging may be reimbursed either on a per diem basis or reimbursement can be made for actual expenses and "the reimbursement for meals and lodging may be based on IRS approved per diems for the destination city". The City's travel policy also stated, "When the per diem method is chosen, the Meals & Incidentals rate listed in the Domestic Per Diem rate tables set by the U.S. General Services Administration must be used. These rates are part of the Federal Travel Regulations, and" a web link is included. In addition, Policy 307 incorporated the Domestic Per Diem rate tables set by the U.S. General Services Administration as part of the Federal Travel Regulations. This incorporation by reference in the City's Administrative Policy can be interpreted to include any and all directives as they pertain to per diem reimbursement for authorized travel for the City of Fayetteville.

9. ***Per diem meal allowances were paid without an overnight stay.*** *The City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures* did not directly address treatment of travel expenditures without an overnight stay. However, the policy incorporated the Domestic Per Diem rate tables set by the U.S. General Services Administration as part of the

Federal Travel Regulations. This incorporation by reference in the City's policy can be interpreted to include all directives as they pertain to per diem reimbursement for authorized travel for the City of Fayetteville. According to the Federal Travel Regulations, travelers are entitled to 75% of the prescribed meals and incidental expenses for one day travel away from their official station if it is longer than 12 hours. Internal Audit noted instances, within the Information Technology Department sample for which two employees were paid per diem, but the travel did not include any overnight lodging nor did the training require the travelers to be away from their official station longer than 12 hours. Reimbursement of \$531 for the per diem meal payments was requested from the respective employees.

10. ***Documentation for lodging payments was insufficient.*** *City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures* stated, regardless whether the traveler is reimbursed for meals and lodging based on IRS approved per diems for the destination city or reimbursed based on actual expenditures, the hotel receipts are required. In addition, the policy stated, "The Traveler is also responsible for obtaining all required receipts and other documentation while traveling, and submitting them with a final travel expense report within 10 business days of return from a trip." Furthermore, the hotel receipt should have a zero dollar balance to show the traveler did in fact incur the expenditure, and the bill was paid in full. Internal Audit found five instances within the Police Department and Information Technology Department samples in which only the hotel confirmation was provided. The hotel confirmation only indicates that a room was reserved, and not that the traveler actually incurred the expenditure, or the balance was paid in full. Based on an Internal Audit inquiry, departments provided two of the five missing hotel receipts.

In addition, Internal Audit found one instance within the Transit Department sample in which a hotel receipt was provided, but it showed a balance due. Based on an Internal Audit inquiry, the department could not provide a copy showing a zero dollar balance. However, the balance due as shown on the hotel receipt was charged to a City procurement card.

11. ***Mileage was not always calculated using mileage obtained from navigation website or actual odometer readings.*** *City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures* stated, "Mileage reimbursement requests should be based on using mileage obtained from a navigation website (i.e., Mapquest.com) or actual odometer readings." There was one instance noted within the Economic and Business Development Department sample in which a request for local mileage reimbursement was paid without documentation showing the mileage was obtained from a navigation website, and actual odometer readings were not listed on the *Local Travel Expense Report*. However, there was a statement written for the Finance Department attached to the expense report stating the traveler was unaware exact odometer readings were required.

12. ***Payments were made for ineligible expenditures -*** *City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures* stated, "Non-reimbursable personal expenses include but are not limited to the following: 1. In-room movies and alcoholic beverages. 2. Costs of spouse and or other family members or personal guests. 3. Parking tickets, fines and other penalties." Internal Audit noted one instance within the Information Technology Department sample in which a toll violation was charged to a City procurement card. Reimbursement for the charge of \$5.20 has been requested from the employee.

In addition, Internal Audit found one instance within the Information Technology Department sample in which an employee was paid eight days of per diem meals and the city incurred lodging costs for seven nights for a five day event. Based on an Internal Audit inquiry, the department indicated the cheapest flight rate was for a Saturday to Saturday trip. However, the department could not provide documentation of other flight rates nor was documentation of any comparison

analysis provided assessing cost savings for the City. Reimbursement of \$428.16 for two days per diem meals and two nights lodging was requested from the employee.

Internal Audit also found two instances within the Information Technology Department sample in which employees were overpaid for lodging expenses. In each case, a deposit was made using a City procurement card to secure reservations for an event; and the employees were paid an advance that covered the full amount of the lodging charges resulting in overpayments. Reimbursement of \$216.50 was requested for the overpayment.

Internal Audit also noted one instance within the Information Technology Department sample in which an employee was provided an advance payment for lodging, however, the actual cost of lodging was less than the advance payment provided to the employee. A final itemized hotel bill was not provided; therefore no final accounting of travel costs could be completed. Based on an Internal Audit inquiry, the itemized hotel receipt was provided. Although a minimal amount of \$1.39 was determined, reimbursement was requested from the employee.

Internal audit noted one instance within the Information Technology Department sample in which an employee incurred \$44 in parking deck costs for a three day training event. Two separate charges were made on a City procurement card, \$17 and \$27 respectively, with overlapping time stamps. Based on an Internal Audit inquiry, the employee could not substantiate the indifference in the parking time stamps on the receipts; therefore, Internal Audit could not validate the parking charges. Reimbursement of \$17 has been requested from the employee.

Internal Audit also found one instance within the Information Technology Department sample in which an employee incurred lodging expenditures for the night the event ended. The event ended at 4:30 pm, but the employee did not travel home until the following day. Additionally restaurant charges were incurred for dinner the day after the event ended. Based on an Internal Audit inquiry, the department indicated the event ran late and an unscheduled tour was conducted after the event. In addition, the employee indicated a redeye flight would not be taken. However, Internal Audit determined the flight was booked prior to the event and before any event delays were known. Reimbursement of \$163.90 for one night lodging and one meal payment has been requested from the employee.

Additionally, Internal Audit noted one instance within the Information Technology Department sample in which an employee requested an advance that included four days of per diem meals, but it appeared the employee only traveled for three days. Reimbursement of \$63 was requested from the employee.

13. ***Mileage was paid on City owned vehicles.*** *City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures* stated, "If a City owned vehicle is used, the Traveler will be reimbursed only for actual expenses incurred for fuel or repairs as supported by paid bills or receipts." Internal audit noted two instances within the sample of the City Manager's Office for which an employee was paid mileage at a reduced rate on the City fleet vehicle assigned to the employee. Mileage should not be requested or paid on City owned vehicles.

14. ***Mileage was paid on rental cars.*** The policy stated, "Private vehicle mileage will be reimbursed at the federal rate." The policy also indicated rental cars may be used "when they are the most economical or practical form of transportation." Internal audit noted three instances with three different travelers within the Information Technology Department sample for which the City paid for rental cars and also paid the travelers mileage. Mileage should not be requested or paid on a rental, particularly if the cost of the rental has been paid with City funds. Reimbursement of \$625.48 from the respective employees was requested.

The *City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures* was last revised on July 3, 2008 and did not provide clear guidance. In addition, it appeared departments did not have complete understanding and/or knowledge of all aspects of the travel policy. Therefore, departments were not ensuring travelers were always in compliance with the travel and training policy.

Recommendation

The Office of Internal Audit recommends management update the *City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures* to include, but not limited to, providing clear and concise guidance on required documentation for registration fees and per diem payments; actual versus per diem for meals and lodging; payment of travel expenditures for one day travel; and payment of mileage on rental cars. The review process should also be improved to ensure employees are only reimbursed for eligible meals, and ensure the most economical and efficient method of travel was utilized, or documented appropriately. In addition, management should ensure all City personnel who travel for City business have a complete, clear understanding and knowledge of not only the travel and training policy, but all policies applicable to travel and training expenditures. Management should develop a process to monitor travel expenditures to include prior approvals, advances, after travel reporting and ensure travel expense reconciliations are completed and reviewed.

Management's Response:

We concur. Management is in full agreement with the recommendation. The Travel and Training Policy will be updated to address audit recommendations. To ensure that travel expenditures are in compliance with policies Accounts Payable staff will work with Departmental staff as needed. Training on processes and procedures will be offered. Accounts Payable staff will increase efforts to monitor travel documents for compliance.

Responsible Party: Ray Oxendine, Treasurer

Implementation Date: April 1, 2017

Current Observation

Internal Audit reviewed the April 4, 2017 revisions to the *City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures* and noted the policy had been updated to address several of the items noted in the recommendation. However, the policy was not updated to provide realistic guidance on required documentation for registration fees.

Internal Audit selected and tested a sample of expenditures and noted instances in the following areas in which improvements were still needed:

1. ***Supervisory review and approval was not always documented.*** *City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures* as revised April 4, 2017 required a pre-travel authorization form be “completed in its entirety, including all required signatures, prior to the date of travel.” However, Internal Audit found instances for which either no pre-authorization was documented; or travel expenses such as airfare, hotel deposits and registration fees were paid prior the pre-authorization form being approved.
2. ***Documentation of final expense reports was inadequate.*** The *City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures* as revised on April 4, 2017 included specific procedures for completing and filing the Post-Travel Expense Reports, as well as the consequences for not submitting the reports within 10 business days from the last day of travel. The updated policy stated that all travel expenses must be included on the travel form. However, Internal Audit noted Post-Travel Expense Reports reflecting all travel expenses were not always submitted to the Finance Department for the travel and training events sampled. Based on Internal Audit inquiry, the Finance Department is the final repository for travel and training documents. However, the policy

did not clearly indicate that the Post-Travel Expense Reports should be submitted to the Finance Department.

3. **Documentation was lacking to substantiate travel related expenditures.** A detailed agenda is necessary to determine appropriate per diem allowances as well as determine suitable travel time for the event. *City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures* as revised April 4, 2017 stated: “when meals are furnished at nominal or no cost by the Government/organization or are included in the registration fee, the appropriate deduction from the Meals and Incidentals rate must be made. Deduction for continental breakfasts are required.” Internal Audit noted agendas were not always included in the documentation provided. Without proper documentation, it cannot be determined if travel expenditures were calculated and paid correctly.

The processes to ensure travel expense reconciliations are conducted, and monitor travel expenditures for prior approvals, advances, after travel reporting needs further improvement.

In addition, Internal Audit recommended that management ensure all City personnel who travel for City business have a complete, clear understanding and knowledge of not only the travel and training policy, but all policies applicable to travel and training expenditures. Training was developed and offered by the Human Resources Department on the travel and training policy. However, based on Internal Audit inquiry only 18 employees attended.

Status of Recommendation

Partially Implemented

Finding 2

Resources were not always used in the most cost-effective manner.

City employees are stewards of the citizen’s resources and as such should always ensure the most cost-effective use of those resources. A policy which provides clear guidance can help ensure the most cost-effective use of resources and deter and/or prevent potential waste and/or abuse. Internal Audit determined clearer guidance should be considered for the following observations:

1. ***Government rates for lodging were not always obtained.*** The policy stated, “When making lodging arrangements, ask for lowest rates available. The City of Fayetteville may qualify for the governmental rate and the corporate rate.” There were 32 instances noted for all the departments sampled in which the rate paid was greater than the U.S. General Services Administration (GSA) rate. Based on an Internal Audit inquiry, the departments indicated when the GSA rate was unavailable the departments obtained the best rate offered at the time. Internal Audit calculated a potential savings of \$7,580 if GSA rates had been available and/or were utilized. However, Internal Audit noted nine instances within the Police Department and Transit Department samples in which there was a cost savings to the City for a total of \$792.53. For two of the nine cost saving instances, the savings was due to travelers sharing a room.

2. ***Tip percentages varied.*** The policy stated, “Actual reasonable expenses for meals including usual and customary tip will be reimbursed to the individual traveler.” The wording in the policy, “usual and customary”, allowed the traveler’s discretion to determine what tip amount was appropriate. In addition, without clarification in the policy a traveler could calculate the tip based on the total before tax or the total after tax. Internal Audit noted 22 tips paid by the travelers within the City Manager’s Office, Police Department and Transit Department samples which exceeded 20 percent. Based on before tax calculations, the tip percentages on these 22 payments ranged from 20.83 to 47.9 percent.

3. ***Excess weight and multiple baggage fees were paid.*** An instance was noted with the Police Department sample in which, instead of paying an additional \$25 for a separate baggage

fee or \$35 for an additional baggage fee, the City paid a \$100 excess weight baggage fee. In addition, there were two instances noted in which an additional baggage fee was charged. For one of these instances within the Police Department sample, there were two City travelers. However, for one instance within the Information Technology Department sample, one traveler took two bags, resulting in an additional \$70 baggage charge. The policy did not address overweight baggage fees or a baggage fee limit.

4. ***Payments were made for preferred seating.*** For air travel, the policy only required coach or business class, not first class unless the traveler pays the difference. There was no guidance in the policy about whether the City will pay for extras which may include: preferred seating which may allow a more favorable location on the flight; economy plus which provides for extra legroom; and “comfort+” providing more legroom, premium snacks and complimentary drinks, seating in the front of the plane, access to overhead bin space, Wi-Fi, complimentary pillow and blanket, and complimentary premium entertainment. There was one instance within the Police Department sample in which the City paid a total of \$41.94 for two travelers preferred seating; three instances within the sample for the City Manager’s Office in which the City paid a total of \$327 for “comfort+”, and one instance within the Information Technology Department sample in which the City paid \$191 for economy plus.

5. ***Employees did not carpool.*** Carpooling was not addressed in the policy, but it did require the most “economical and practical” form of transportation be used. Internal Audit noted five instances in which multiple employees from the same department attended the same conference/training and each employee was paid mileage. For three of these instances within the City Manager’s Office and the Information Technology Department samples two employees attended and traveled on the same day. One instance within the Information Technology Department sample in which nine employees attended an event with two traveling to the destination one day and seven traveling to the destination the following day. One instance within the Information Technology Department sample in which seven employees attended with two employees traveling to the destination on one day and the remaining five employees traveling to the destination the following day. Based on an Internal Audit inquiry, departments indicated the employees either served on committees and/or volunteered for work sessions that required different arrival times; the number of drive time hours and personality comfort levels prevented carpooling; or employee preference was to drive separate. A more economical solution for the City would have been a carpool or the use of an available City vehicle for any employees traveling on the same day to the same conference/training. For the instances noted, Internal Audit calculated a potential cost savings of \$2,228 had carpooling been utilized.

6. ***Late registration caused increased fees to be paid.*** Internal Audit noted five instances for which registration fees were paid late, therefore, additional fees were charged. In one instance within the Information Technology Department sample, four of the nine attendees paid the registration fee on the day the conference began and incurred a late registration fee of \$50 each. In one instance within the Information Technology Department sample two employees went to the same event and one employee appears to have taken a check for payment to the event incurring an additional \$550 fee. If available, employees should take advantage of early registration; particularly if there will be cost savings to the City.

7. ***Travel agent fees were paid.*** Internal Audit noted three instances within the sample for the City Manager’s Office in which an employee used a travel agent for travel arrangements and was charged a \$33 fee for each occurrence. A cost benefit analysis should be considered when using travel agents to ensure the most prudent use of the City’s resources. Based on an Internal Audit inquiry, it could not be determined if the use of the travel agent had been preapproved by department management. The use of travel agents was not addressed in the policy.

8. **Excess car rental charges were paid.** Internal Audit noted one instance within the Information Technology Department sample for which two employees attended the same training event and each employee rented a car. One employee paid the rental charges and later requested reimbursement, while the other employee charged the rental car fees on a City procurement card. Internal Audit calculated a potential cost savings of \$322.05 for this trip had only one rental car been utilized.

Recommendation

The Office of Internal Audit recommends management review and update the *City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures* to include, but not limited to, ensuring the policy provides clear, concise guidance on acceptable lodging rates; customary tips; baggage fees; preferred seating; carpooling; late registration fees and travel agent fees. In addition, training specific to travel and training expenditures should be required, and management should dedicate the appropriate resources and time to ensure proper training for department personnel.

Management's Response:

We concur. Management is in full agreement with the recommendation. The Travel and Training Policy will be updated to address audit recommendations. Resources will be reviewed to ensure they are used in the most cost- effective manner. Training on processes and procedures will be offered. Accounts Payable staff will increase efforts to monitor travel documents.

Responsible Party: Ray Oxendine, Treasurer

Implementation Date: April 1, 2017

Current Observation

Internal Audit reviewed the revisions to the *City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures* and noted the policy had been updated to address several of the items noted in the recommendation. However, the policy was not updated to provide clear concise guidance on tipping drivers of taxi cabs, Uber, etc.; nor was the policy updated to ensure employees traveling to the same destination for the same training event did not incur more than one car rental charge.

In addition, Internal Audit selected and tested a sample of expenditures and noted improvements with minimal instances of noncompliance with the exception of carpooling for which improvements were still needed.

The *City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures* as revised April 4, 2017 stated: "Employees within the same Department traveling to the same event, should carpool. Personal vehicle mileage will only be reimbursed for one vehicle per 4 employees within the same Department traveling to the same event." However, Internal Audit noted a travel and training event for which multiple employees in the department traveled to the same event and mileage was paid to all the employees. Documentation showing these exceptions were authorized by the City Manager was not provided.

Management needs to ensure the carpooling requirements are reasonable, and if so, ensure the requirements are being followed.

Status of Recommendation

Partially Implemented

Finding 3

Sales tax was not always recorded correctly.

According to North Carolina General Statute 105-164.14.(c), a city is allowed an annual refund of sales and use taxes paid on direct purchases of tangible personal property and services. The City requests refunds based on the amounts recorded in JD Edwards as “tax amount”. If the amount recorded in JD Edwards is overstated, the City could request more than is due and possibly receive an overpayment. Since this is a North Carolina sales and use tax refund, only North Carolina sales and use taxes paid should be recorded and requested for refund. Therefore, when a payment is made for purchases in a different state in which no North Carolina sales and use tax was paid, the out of state tax amounts should be charged as an expenditure and not recorded as sales taxes in JD Edwards, whereas, refunds should not be requested on these amounts. In addition, passenger facility charges, segment, 911 security, vehicle licensing and environmental fees, and excise and highway use taxes are not eligible for this refund. Internal Audit noted 27 food, hotel, rental car and airfare expenditures within the City Manager’s Office, Police Department and Information Technology Department samples in which out of state sales tax or other ineligible fees and taxes were recorded in JD Edwards for a total ineligible amount of \$935.70.

Internal Audit also found one transaction within the Information Technology Department sample for which no sales tax was recorded. This transaction should have had eligible sales taxes to be refunded. The itemized receipt for this transaction should have been requested before any entry was made into JD Edwards.

For the Police Department, a new employee started entering the payment information into JD Edwards and was initially keying the taxes into JD Edwards since it was listed on the receipt. Based on an Internal Audit inquiry, the Finance Department indicated accounts payable training is provided to employees who request access in JD Edwards in order to enter accounts payable. However, the Finance Department was unable to provide documentation showing this training was provided. In addition, the procedures that the Finance Department said were provided to new employees did not specifically state exactly what amounts should and should not be included on the “Tax Amount” line in JD Edwards.

Recommendation

The Office of Internal Audit recommends the Finance Department update the procedures to clearly explain what amounts should and should not be included as taxes in JD Edwards and provide an explanation on why out of state sales tax and other ineligible taxes and fees should be treated differently than North Carolina sales tax. Management should ensure personnel are trained on the updated procedures. The Finance Department should review all sales and use tax related transactions for the fiscal year 2017 to determine if the correct amount has been properly coded as an expenditure or sales tax.

In addition, proper adjustments should be made to the annual North Carolina sales and use tax refund request to ensure any out of state sales tax and other ineligible amounts are not included in the refund request.

Management's Response:

We concur. Management is in full agreement with the recommendation. When notified of new hires the Finance Accounts Payable staff will provide training and copies of an Accounts Payable manual updated to include issues identified in Finding #3. Training will include voucher entry procedures on coding invoice sales and use tax in JD Edwards. Our goal is to clearly identify proper coding for in-state and out-of-state taxes and amounts that are not eligible for recording in JD Edwards.

Refresher training sessions will be scheduled and conducted as necessary with departmental Office and Administrative Assistants. The sessions will include a discussion on why out of state sales tax and other ineligible taxes and fees should be treated differently than North Carolina sales tax.

The Treasurer and Accounts Payable staff will keep abreast of changes related to sales tax reporting

and reimbursement with the State Department of Revenue. Accounts Payable staff will review all sales and use tax transactions for fiscal year 2017 to determine if coding errors have occurred and to post adjusting entries if applicable.

Responsible Party: Ray Oxendine, Treasurer

Implementation Date: April 1, 2017

Current Observation

For the quarterly corrective action plan status report as of April 26, 2018, Finance Department Management indicated due to department turnover this recommendation had been partially implemented. Based on Internal Audit inquiry, the Finance Department's voucher entry procedures were updated in January 2017 to provide clearer guidance on sales tax. However, the Department indicated staff were continuing to review FY 2017 transactions and making adjustments. Therefore, Internal Audit only reviewed the expenditures in the sample to ensure sales tax was recorded correctly. Although improvement was noted, there were still instances in which the sales tax in JD Edwards was either over- or under-stated due to: recording out of state sales tax or other ineligible fees and taxes as North Carolina sales tax; not recording sales tax when applicable or calculating sales taxes incorrectly.

Status of Recommendation

Partially implemented

Follow-up Recommendation

To ensure procedures for sales tax entry and refund are properly conducted and inconsistencies are detected and corrected timely when sales tax reports are filed, Internal Audit requests approval from the Audit Committee to remove the sales tax finding from follow-up travel and training audits. Sales tax was included on the risk assessment for the Fiscal Year 2019 Annual Audit Plan and will be included on future risk assessments when developing the annual audit plans.

CONCLUSION

The travel and training expenditures reviewed appeared to be for legitimate City business. In addition, Internal Audit noted minimal instances of noncompliance which could be attributed to the updates made to the policy, the training offered by the Human Resources Department and the oversight by the Finance Department. However, areas were still noted in which controls for travel and training expenditures are necessary to ensure compliance which included prior approval of travel expenditures; submission of final expense reports with all travel and training costs associated with each trip; and the use of carpooling.

To help ensure the departments submit final expense reports to the Finance Department, the policy could be clarified to indicate that the reports need to be forwarded to the Finance Department. In addition, record-retention procedures for travel related expenditures and forms should be established.

Improved review procedures, and processes such as tracking and follow-up for travel advances will help deter wasteful spending and prevent fraud, waste and abuse. However, in order to maintain the integrity of the City's travel and training policy, processes and procedures must be consistently enforced.

Department personnel responsible for processing travel-related expenses should be well versed in the policy and regulations. Departmental travel coordinators could be utilized to ensure expenditures are the most cost-effective and are in compliance with the City's policies.

Internal Audit wishes to thank the Finance Department and other City departments that participated in this audit for their assistance during the completion of this audit.

Signature on File

Elizabeth H. Somerindyke
Director of Internal Audit

Signature on File

Traci Carraway
Internal Auditor

Distribution:

Audit Committee
Douglas J. Hewett, City Manager
Kristoff T. Bauer, Deputy City Manager
Telly C. Whitfield, Assistant City Manager
Jay C. Toland, Special Assistant to the City Manager
Bradley S. Whited, Airport Director
Dwayne Campbell, Chief Information Officer

DRAFT

Office of Internal Audit



Annual Audit Plan

Fiscal Year 2019

Director of Internal Audit

Elizabeth Somerindyke

Senior Internal Auditor

Rose Rasmussen

Internal Auditor

Vacant

**City of Fayetteville
Office of Internal Audit
Audit Work Plan 2019**

A. Audit Projects Carried Forward from 2018 Work Plan	Estimated Hours	Total
Performance Measures	40	
Parks and Recreation Nonresidential Fees Implementation	480	
Total Hours for Audit Projects Carried Forward from 2017 Work Plan		520

* Project will be started but not completed during this fiscal year

B. New Audit Projects for 2018-2019		
Body Cam Policy Compliance	480	
Off Boarding Access Rights	480	
Solid Waste Fees for Multi Family	640	
WEX Gas Cards	320	
Code Enforcement Violation Enforcement	240	
Police Department Confidential Funds	240	
Total Hours for New Audit Projects for 2018-2019		2400

C. Follow-up Projects for 2018-2019		
Permitting and Inspections*	164	
Total Hours for Follow-up Projects for 2018-2019		164

* Project will be started but not completed during this fiscal year

D. Audit Management and Administration		
Other City Auditor Duties	400	
Office Management/Support	1004	
Staff Development	200	
Approved Holidays	208	
Approved Employee Leave	304	
Total Audit Management and Administration		<u>2116</u>
Total Hours		<u><u>5200</u></u>

E. For Future Audit Projects 2018-2020		
Tags and Titles (CoF only)**	40	
Community Development Housing Rehabilitation Program**	960	
Small Asset Management**	240	
Downtown Parking Collection**	960	
Citywide Payroll Processes**	960	
Code Enforcement Abatement	960	
City's New Purchasing Process	960	
Firehouse Billing and Receipting	640	
Kronos Time Reporting Implementation Phases 3 & 4 ^a	640	
Retiree Healthcare Billing and Receipting	640	
PCI Compliance	640	
Citywide Records Management and Retention	960	
Sales and Use Tax Refund Administration	480	
Citywide Succession Planning	960	
Fleet Part Inventory	640	
Community Development Contract Mgt - AmeriNat	640	
Total Hours for Future Audit Projects		<u><u>11320</u></u>

** Reflects project from prior year audit plan. Due to limited resources, project will be considered in future audit plans.

^a The Finance Department contracted with Cherry Bekaert during FY 2017 to provide consulting regarding the Kronos Time Reporting Implementation Phases 1 & 2 and the internal controls over payroll.

A. Audit Projects Carried Forward from 2018 Work Plan

A.1. In Progress

Performance Measures	The audit will be performed as required by City of Fayetteville Policy # 600 Data Governance. Audit objectives may include a review to determine if performance measures published in the budget document are in compliance with relevant policies, procedures, laws, rules, regulations and City goals; and to validate the underlying data reported for the performance measures.
Parks and Recreation Nonresidential Fees Implementation	The audit will assess the adequacy of internal controls; and policy, procedure, laws, rules and regulations compliance of the implementation of Parks and Recreation Department's nonresidential fees. Audit objectives may include reviewing and documenting the processes related to nonresidential fees; testing a sample to ensure necessary documents were being received supporting the charge of nonresidential vs residential fees; determining if fees were charged correctly; and determining if deposits, fees, and revenues assessed and collected were accounted for and all associated general ledger accounts were properly reconciled to existing subsidiary ledgers where appropriate.

B. New Audit Projects for 2018-2019

Police Department Confidential Funds	The audit will be performed due to the sensitive and volatile nature of maintaining large amounts of cash on hand and in accordance with police department policy due to accreditation requirements.
Body Cam Policy Compliance	The audit will evaluate whether body worn cameras were being used and executed in accordance with established laws, regulations, guidelines, policies and procedures.
Off Boarding Access Rights	The audit will evaluate the internal controls related to IT access rights during employee off boarding process.
Solid Waste Fees for Multi Family	The audit will evaluate whether solid waste fees were being assessed in accordance with established laws, regulations, guidelines, policies and procedures, and the internal control environment related to assessing solid waste fees were sufficient.
WEX Gas Cards	The audit will evaluate the appropriateness of WEX fuel card expenditures. Audit objectives may include assessing the adequacy of segregation of duties, physical security and proper use of the WEX fuel cards; determining if card users are properly trained, designated and provided policy guidance; and WEX fuel card transactions and approvals are made in accordance with policies and procedures.
Code Enforcement Violation Collections	The audit will evaluate whether applicable code enforcement costs and fees were properly and completely invoiced following established City fee schedules and ordinances; and the internal controls were sufficient to identify risks.

C. Follow-up Projects for 2018-2019

Permitting and Inspections *	The audit will determine that previously identified audit findings have been remediated by management as stated in management's responses.
-------------------------------------	--

* Project will be started but not completed during this fiscal year

D. Audit Management and Administration

Other City Auditor Duties	This category describes the time that the Office of Internal Audit maintains the Fraud, Waste, and Abuse Hotline and other miscellaneous fraud reports.
Office Management/Support	This category describes the time that the Office of Internal Audit spends attending meetings involving the activities and responsibilities of the Audit Committee.
Staff Development	Professional staff of the City Auditor's Office is required to obtain professional education each year.
Approved Holidays	This category of leave is for approved holidays for all staff.
Approved Employee Leave	This category describes leave earned and taken each year as personal leave and leave taken for medical purposes.

E. Future Audit Projects 2019 - 2021

Tags and Titles (CoF only)**	A follow-up audit will be performed to determine that previously identified audit findings have been remediated by management as stated in management’s responses.
Community Development Housing Rehabilitation Program**	The audit will evaluate whether the City had adequate controls for monitoring its Housing Rehabilitation Program sub-recipients and whether HUD rules and regulations were properly followed. Audit objectives may include a review to determine if loans were originated within defined program criteria, properly set up in the ABS loan-servicing software, and serviced in accordance with the terms of the promissory notes and/or deeds of trust; an appropriate accounting of loan origination and loan servicing activities had occurred; and all associated general ledger accounts were properly reconciled to the subsidiary ledger system.
Small Asset Management**	The audit will evaluate the adequacy of internal controls, effectiveness, and policy and procedure compliance of the City's small asset management system. Audit objectives may include a review to determine if processes adequately safeguard assets; selecting a sample to assure accuracy and agreement of inventory records and inventory on hand, and compliance with policies and procedures for multiple electronic devices and air cards.
Downtown Parking Collection**	The audit will evaluate the efficiency and effectiveness of the City's parking management contract with McLaurin Parking. Audit objectives may include an assessment of the collection program related to leased parking and parking citations, internal controls for cashier activities, and bad debt write-off policies.
Citywide Payroll Processes**	The audit will assess the adequacy of internal controls governing the City's payroll process. Audit objectives may include a review to determine if the City's payroll processes employ effective controls to reasonably assure employees are paid accurately and timely, and payment is made to legitimate City employees. The audit will include a review of JD Edward controls and the KRONOS timekeeping system.
Code Enforcement Abatement	The audit will evaluate whether the City’s lot cleaning abatement process complies with applicable policies, rules and regulations. Audit objectives may include determining if code enforcement activities for lot cleaning abatement were performed consistently in accordance with relevant laws, regulations and established policies; contracts complied with applicable policies, rules and regulations; internal controls were sufficient to identify risks; and the process for retaining independent contractors.
City's New Purchasing Process	The audit will assess the adequacy of internal controls and effectiveness of the City's new purchasing processes. Audit objectives may include a review to determine if processes are in compliance with relevant policies, procedures, laws, rules and regulations; and adequate internal controls are in place to prevent or detect material errors and irregularities.
Firehouse Billing and Receipting	The audit will evaluate if fire department billing, receipting and aged receivables were managed fairly, efficiently and effectively to recover such receivables and minimize the risk of loss. Audit objectives may include evaluating procedures to determine compliance with applicable policies and standards; and verify the accuracy and proper tracking of aged receivables and amounts due.
Kronos Time Reporting Implementation Phases 3 & 4	The audit will focus on the identification and effectiveness of automated and manual controls over the Public Safety Telestaff, FayPay (KRONOS) and JD Edwards Payroll interfaces.
Retiree Healthcare Billing and Receipting	The audit will evaluate operations related to the process for billing retirees for health insurance premiums. Audit objectives may include an assessment of procedures to determine compliance with applicable policies and standards; retiree payments collected were accurate and complied with contractual rates; and proper collection activities were in practice to ensure all monies owed have been collected.

Audit Work Plan 2019

E. Future Audit Projects 2019 - 2021 (continued)

PCI Compliance	The audit will evaluate compliance with Payment Card Industry (PCI) standards. Audit objectives may include reviewing to determine if physical access to cardholder data is restricted; policies are in place that address information security for employees; tests of the security system are performed regularly; adequate controls exist for user access; vendor supplied defaults are not used; anti-virus software or programs are used and updated regularly; cardholder and sensitive information is encrypted across public networks; adequate controls exist to protect stored data; security patches are up-to-date; and a working firewall is installed and maintained to protect data. Contracting for Information Technology knowledge to assist with the audit will be considered.
Citywide Records Management and Retention	The audit will evaluate the compliance with relevant policies, procedures, laws, rules and regulations; and adequate internal controls are in place to determine if records are adequately maintained and safeguarded.
Sales and Use Tax Refund Administration	The audit will evaluate the adequacy of internal controls related to recording and reporting sales and use tax to North Carolina Department of Revenue.
Citywide Succession Planning	The audit will gather information regarding the status of succession planning within the City of Fayetteville. Audit objectives may include providing management with information on efforts to address succession planning.
Fleet Part Inventory	The audit will assess the adequacy of internal controls to safeguard inventory and to determine if inventory was accounted for accurately. Audit objectives may include determining if adequate internal controls exist for fleet part inventory; adequate processes exist to control obsolete inventory; and whether inventory quantities were accurately reflected.
Community Development Contract Mgt - AmeriNat	This audit will access the monitoring and performance of the AmeriNat service agreement with the City of Fayetteville.

*** Reflects project from prior year audit plan. Due to limited resources, project will be considered in future audit plans.*



Internal Audit Annual Report

Fiscal Year 2018

Director of Internal Audit

Elizabeth Somerindyke

Senior Internal Auditor

Rose Rasmussen

Internal Auditor

Traci Carraway



OUR MISSION

Provide independent, objective assurance and consulting services designed to add value and improve the City of Fayetteville’s operations.

Director of Internal Audit

Elizabeth Somerindyke

Senior Internal Auditor

Rose Rasmussen

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Traci Carraway

TABLE OF CONTENTS

Introduction.....	1
Purpose, Authority/Mission and Responsibility.....	1
Audit, Special Projects and Consulting Services.....	3
Fraud, Waste and Abuse Investigations.....	4
Leadership and Other Accomplishments.....	5
Summary.....	5

<http://fayettevillenc.gov/government/city-departments/internal-audit>

Mailing Address: 433 Hay Street, Fayetteville, NC 28301

INTRODUCTION

According to *City of Fayetteville, NC Internal Audit Charter*, the Internal Audit Director will annually report to the Audit Committee and the City Manager on the internal audit activity’s purpose, authority, responsibility and performance relative to its annual audit plan. The Internal Audit Director is also responsible for reporting significant risk exposures, control issues, fraud risks, governance issues, and other matters needed or requested by the Audit Committee and the City Manager.

PURPOSE/MISSION

The mission of the Office of Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve the City of Fayetteville’s operations. The Office of Internal Audit helps the City of Fayetteville’s management team accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Key Performance Measures	FY 2017 Actual	FY 2018 Actual	FY 2019 Target
% of Internal Audit recommendations accepted by management	100%	98%	100%

Acceptance of audit recommendations is an indicator of service quality. In fiscal year 2018, management accepted and provided estimated implementation dates for 40 of 41 recommendations included in four audit reports issued during the fiscal year. These results exceed the 92% industry benchmark published by the Association of Local Government Auditors.

AUTHORITY

The Office of Internal Audit shall have full, free, and unrestricted access to any and all of the City of Fayetteville’s records, physical properties and personnel pertinent to carrying out any engagement. All employees are expected to assist the Office of Internal Audit in fulfilling its roles and responsibilities. The internal auditors will also have free and unrestricted access to the City Council and the Audit Committee.

RESPONSIBILITY

Audit coverage will encompass, as deemed appropriate by the Internal Audit Director, independent reviews and evaluations of any and all management operations and activities to appraise:

- Measures taken to safeguard assets, including tests of existence and ownership as appropriate.
- Reliability, consistency, and integrity of financial and operating information.
- Compliance with policies, plans, standards, laws, and regulations that could have significant impact on operations.
- Economy and efficiency in the use of resources.
- Effectiveness in the accomplishment of the mission, objectives, and goals established for the City’s operations and projects.
- Managing and responding to the Fraud hotline.

AUDIT SERVICES

AUDITS	STATUS
<p>Procurement Card Follow-up (A2015-03F) Based on the audit work performed, the Office of Internal Audit concluded the Finance Department did not adequately address the issues noted in the original audit report. There were areas noted of violations of existing procurement card policy, and instances in which the policy could provide better guidance. In addition, it could not always be determined if the purchases were for legitimate City business.</p>	Report Issued August 2017
<p>Contract Practices and Procedures (A2016-06F) Oversight and management of contracts and purchase orders needed improvement to ensure compliance. In addition to the violations of existing City policy noted during this audit, there were instances in which the existing City policy on contracts and purchase orders could provide better guidance, not only to ensure a better understanding of the policy, but also to assist in reducing the City's risk.</p>	Report Issued October 2017
<p>Police Department Confidential Funds (A2018-03) The Police Department generally adhered to the organization's policies and procedures; applicable laws, regulations and guidelines during the period July 1, 2016 through September 30, 2017. The Police Department's Special Investigation Division have continually reviewed and updated policies and procedures, which contributed to stronger controls and a general adherence to policies and procedures over confidential funds. However, a lack of documented review and timely reporting was noted.</p>	Report Issued February 2018
<p>Police Department Evidence and Property Management (A2018-01) The Property and Evidence Unit had basic safeguards in place for property and evidence; some additional controls were needed to adequately safeguard items against loss, damage and theft. Lack of space in the Property and Evidence Unit posed an immediate challenge.</p>	Report Issued June 2018
<p>City-wide Travel and Training Follow-up (A2017-01F) The audit report will be presented to the Audit Committee on August 23, 2018. The travel and training expenditures reviewed appeared to be for legitimate City business. However, controls for travel and training expenditures continue to require improvement to ensure compliance.</p>	Report Completed
<p>Performance Measures (A2018-04) The audit report is currently in review and should be presented to the Audit Committee in October 2018.</p>	Report in Review

SPECIAL PROJECTS & CONSULTING SERVICES	STATUS
<p>Finance Department Select Balance Sheet Accounts and Grant Funding Review (R2018-01) Internal Audit provided project assistance to the Finance Department by reviewing and providing observations on balance sheet accounts and multi-year expenditures and revenues as of June 30, 2017 to facilitate closing the City's funds for the fiscal year ending June 30, 2017 annual external audit.</p>	Completed November 2017
<p>Finance Department Select Balance Sheet Accounts and Grant Funding Review (R2018-02) Internal Audit is currently providing assistance to the Finance Department by reviewing and providing observations on multi-year expenditures and revenues as of June 30, 2018. Additionally, Internal Audit is providing guidance on the preparation of fiscal year end June 30, 2018 work papers in preparation for the external auditors.</p>	On-Going

FRAUD, WASTE AND ABUSE INVESTIGATIONS

The Office of Internal Audit also manages suspected cases of fraud, waste and abuse reported by employees, vendors and citizens. Such cases may be reported in various ways to include: in-person, telephone, e-mail or the City’s Fraud Hotline. The City’s Fraud Hotline is operated by a third party and reports can be made anonymously either over the telephone or online.

For fiscal year 2018, there were 11 incidents reported of which 55% were reported through the Fraud Hotline. Table 1 summarizes the various types of allegations received.

TABLE 1	55%	45%	100%
ALLEGATION TYPE	HOTLINE	NON-HOTLINE	TOTAL
Accounting/Audit Irregularities	1	0	1
Employee Relations	2	0	2
Falsification of Company Records	1	0	1
Fraud	1	2	3
Policy Issues	1	1	2
Safety Issues and Sanitation	0	1	1
Theft of Cash	0	1	1
TOTAL	6	5	11

Allegations may be investigated by the Office of Internal Audit, referred to a City department (generally for lower risk issues), referred to a non-City agency (if relating to matters outside City jurisdiction or requiring external law enforcement), and/or deemed non-actionable. Non-actionable allegations result from insufficient or dated information, prior corrective action, immateriality or inappropriate use of the Hotline. If referred to a City department, the Office of Internal Audit generally requests the department to investigate, take appropriate action and communicate the results to the Office of Internal Audit within 30 days.

Resolved allegations are categorized as: Substantiated (allegation was validated); Substantiated – No Violation (conditions cited were accurate but did not constitute a violation); Unsubstantiated; Department Resolution; or Inconclusive (available evidence is not sufficient to determine the validity of the allegation).

Table 2 summarized assignments and dispositions for allegations reported and/or resolved during fiscal year 2018.

TABLE 2	ASSIGNMENT		
DISPOSITION	REFER	INVESTIGATE	TOTAL
Department Resolution	2	0	2
Non-Actionable	N/A	1	1
Unsubstantiated	0	1	0
Open/Ongoing Allegations	0	1	1
Substantiated	0	3	5
Substantiated – No Violation	0	1	1
Inconclusive	0	2	1
TOTAL	2	9	11

The City's Fraud, Waste and Abuse Policy is intended to enhance employee awareness and reporting of suspected fraud, waste and abuse. Allegations resolved during fiscal year 2018 resulted in the following:

- Improved procedures and/or management controls;
- Employee safety improvements;
- Enhanced awareness of and/or compliance with existing regulations and/or policies governing use of time and equipment and conflict of interest; and
- Situation appropriate personnel-related actions.

LEADERSHIP AND OTHER ACCOMPLISHMENTS

The Office of Internal Audit distributed and reviewed the annual conflict of interest questionnaires provided to the Mayor, City Council and City management as required by the City's Code of Ethics, Section 2-95(j) Conflict of Interest Questionnaire. Additionally, in June 2018 Internal Audit personnel assisted in collaborating with the City's Human Resources Department and the UNC School of Government to provide mandatory Ethics and Conflict of Interest training to City management. Internal Audit personnel provided training regarding fraud, waste and abuse to approximately 147 new employees during new employee orientation (NEO). This training is on an ongoing basis, whereas, Internal Audit personnel participates in the fraud, waste and abuse training bi-weekly.

On a quarterly basis a Management Implementation Status Report was prepared and distributed to the Audit Committee members to help Committee members fulfill their responsibilities of oversight. Additionally, the Audit Committee members were presented a summary presentation from the City's external auditors regarding the annual financial report.

Internal Audit's training and career development for fiscal year 2018 included the Annual Association of Local Government Auditors Conference which not only provides training specific to local government auditors but also allows for networking with other local government auditors. Additionally, personnel continue to study for the Certified Internal Auditor certification exams. Internal Audit personnel are members of ALGA (Association of Local Government Auditors), the AICPA (American Institute of Certified Public Accountants), the NCACPA (North Carolina Association of Certified Public Accountants), the IIA (Institute of Internal Auditors) and the ACFE (Association of Certified Fraud Examiners).

SUMMARY

In summary, Internal Audit staff took on new endeavors and made a strong effort to complete as many audits and projects as possible during the past fiscal year. Internal Audits success this past fiscal year was made possible as a result of the support of the City Manager's office, and the hard work of each of the department's personnel. Over the past year the strengths and skills of Internal Audit personnel developed in a way that contributed to the success of the Office. Internal Audit strived to ensure the scope of each audit engagement added value to the organization and good customer service was provided.