



Audit Committee Meeting
April 22, 2021 @ 3:00pm
Virtual Meeting
Via Zoom

AGENDA

1. Call to Order
2. Approval of Agenda
3. Approval of Meeting Minutes
4. Selection of Independent Auditor (*Presented by Jay Toland, Assistant City Manager/Chief Financial Officer*)
5. Internal Audit Activities (*Presented by Internal Audit staff*):
 - a. Property and Evidence Follow-up (A2018-01F)
 - b. Permitting and Inspections Follow-up (A2016-02F)
6. Internal Audit Status Update (*Presented by Elizabeth Somerindyke, Internal Audit Director*)
7. Management Reports (*Informational Purposes Only*)
 - a. Quarterly Management Implementation Status Report
8. Adjournment

Attachments:

- a) Draft Meeting Minutes – January 28, 2021
- b) Property and Evidence Follow-up (A2018-01F)
- c) Permitting and Inspections Follow-up (A2016-02F)
- d) Quarterly Management Implementation Status Report 3rd Quarter FYE21

AUDIT COMMITTEE MEETING
January 28, 2021 @ 3:00 PM
St. Avold Conference Room and Via Zoom

Council Members Present: CM Dawkins, Chair
CM Kinston

Staff Present: Mr. Doug Hewett, City Manager
Ms. Elizabeth Somerindyke, Internal Audit Director
Ms. Rose Rasmussen, Internal Audit Staff
Ms. Amanda Rich, Internal Audit Staff
Mr. Jay Toland, Interim Assistant City Manager, Chief Financial Officer
Assistant Chief James Nolette, Fayetteville Police Department
Ms. Andrea Tebbe, Executive Assistant to the City Council

Committee Members Present: Mr. Ron O'Brien
Ms. Amy Samperton, Vice-Chair

1. Call to Order

- CM Dawkins called meeting to order at 3:04 PM

2. Approval of Minutes

MOTION: Ms. Amy Samperton made motion to approve agenda

SECOND: CM Kinston

VOTE: Unanimous (4-0)

3. Approval of Minutes

- Ms. Somerindyke noted correction of the spelling of Mr. O'Brien

MOTION: CM Kinston made motion to approve minutes with the correction to the spelling of Mr. O'Brien's name

SECOND: Mr. Ron O'Brien

VOTE: UNANIMOUS (4-0)

4. Amendment to Audit Committee By-Laws

1. City Council adopted revision of Audit Committee Bylaws on November 9, 2020 to make PWC member a non-voting member

MOTION: Ms. Amy Samperton made motion to accept revision of bylaws as approved by City Council.

SECOND: CM Kinston

VOTE: UNANIMOUS (4-0)

5. Fiscal Year Ended June 30, 2020 Comprehensive Annual Financial Report and Audit Results-

Presented by Mr. Robert Bittner III, CPA, MBA, RSM US LLP

MOTION: Mr. Ron O'Brien made motion to accept report

SECOND: CM Kinston

VOTE: Unanimous (4-0)

Motion: Mr. Ron O'Brien made motion to present report to City Council

SECOND: CM Kinston

VOTE: UNANIMOUS (4-0)

6. Internal Audit Activities- Presented by Ms. Elizabeth Somerindyke, Internal Audit Director
The objective of the Audit was to determine if the original audit recommendations had been implemented by management. WEX fuel card transactions occurring September 2019 through August 2020.

a) WEX Fuel Card Follow-up – Police (A2019-05F)

- Update from report issued May 2019- Public Safety (Fire and Police) were issued a card for fuel as alternative to fueling site.
- Have recommendations been implemented?
- All drafts from Audit Department come as a draft to allow questions and/or recommendations. Once accepted they are no longer a draft.
- Current Observation October 9, 2020- % percentage of recommendations implemented: 4 (24%) Implemented, 4 (24%) Partially Implemented, and 1 (6%) Could Not Determine
- Subsequent observation November 24, 2020- % percentage of recommendations implemented: 11 (65%) Implemented, 2 (24%) Partially Implemented, and 0 (0%) Could Not Determine

MOTION: CM Kinston made motion to accept report and refer to Council with an additional follow-up by May 1, 2021

SECOND: Ms. Amy Samperton

VOTE: UNANIMOUS (4-0)

6b. Accounts Payable Timeliness (A2020-02)

The objective of the audit was to evaluate policies and procedures relating to the account payable process; and to determine if internal controls over accounts payable disbursements are adequate and effective with respect to responding to risks within the City. The scope included invoices processed from January 2019 to December 2019; and 381 invoices were sampled and tested, excluded drafted payments.

Finding #1: Performance measures and policies for the timely payment of invoices had not been established.

Finding #2: ACH processing lacked internal controls.

- Committee instructed staff to reduce payout days from 75 to 60 days
- Finance will present report showing average payment turn around has been reduced to 60 days
- Audit Committee will continue review and make additional recommendations
- April meeting is not in timeline for Mr. Toland to make changes and provide a report. Mr. Toland will provide update and report in August 2021
- Finance now has ACH option and implemented the control recommended and created a review process

MOTION: Mr. Ron O'Brien made motion to accept Accounts Payable Timeliness Audit, to include creating a policy within 60 days and then begin an implementation process after August 2021 meeting. Policy was to be coordinated through Internal Audit and the leadership team

SECOND: Ms. Amy Samperton

VOTE: UNANIMOUS (4-0)

7. Annual Audit Plan Proposed Engagements for FY 2021- Ms. Somerindyke shared proposed plan for departmental audits for FY 2021

MOTION: Ms. Amy Samperton made motion to accept the 2021 Audit Plan with the addition of the WEX Fuel Card for Fayetteville Police Department

SECOND: Mr. Ron O'Brien

VOTE: UNANIMOUS (4-0)

8. Financial Audit Preparations for Fiscal Year Ending June 30, 2021- Mr. Jay Toland
1. This audit may need to go for a bid due to previous firm used has been bought by another company
 2. May require a special meeting in March 2021
9. Management Reports- Informational purpose only
1. Internal Audit shared progress completed by Internal Audit Team
 2. Internal Audit shared quarterly report that displays any outstanding recommendations
10. Adjournment
- CM Kinston made a motion to adjourn meeting at 4:52 PM

Council Member Johnny Dawkins, Chair

ATTEST:

Andrea Tebbe, Executive Assistant to the City Council



To: Audit Committee
 From: Jay Toland, CMA, Assistant City Manager/Chief Financial Officer
 Date: April 22, 2021
 Re: Selection of Independent Auditor

Relationship To Strategic Plan:

Goal V: Financially Sound City Providing Exemplary City Services
 To ensure strong financial management with fiduciary accountability and plan for future resource sustainability by aligning resources with City priorities.

Executive Summary:

The City and PWC are required by North Carolina state statute and granting agencies to have an annual audit. The Audit Committee Charter states that the Audit Committee will recommend to the City Council the selection of the independent auditor and to continually evaluate the independence of the independent auditor.

Background:

City Finance-Purchasing Division prepared and advertised a request for proposals (RFP) on February 10, 2021 for the selection of an independent auditor. The RFP stated that we strongly encouraged Minority participation.

Two proposals were received on March 2, 2021. The RFP is for three annual audits for the fiscal years ending June 30, 2021, June 30, 2022, and June 30, 2023.

Respondents were:

PBMares, LLP, Morehead City, NC
 Cherry Bekaert, LLP, Raleigh, NC

City Finance and PWC staff evaluated the proposals on Friday, March 26, 2021. The evaluation and a compilation of proposed costs is included with this report.

Both PBMares and Cherry Bekaert are proposing with a local minority contractor. The local minority contractor proposed for both Cherry Bekaert and PBMares is Willie Cooper, Jr., CPA and his team.

- Cherry Bekaert – Scored 93.7%, Local Fayetteville Office, Local Minority Sub-Contractor, familiar with City and PWC financial operations – would need to fill in 3 year history, 3-Year Cost \$398,500
- PBMares – Scored 94.36%, Morehead City Office, Local Minority Sub-Contractor, familiar with City and PWC financial operations, 3-Year Cost \$407,150

EVALUATION MATRIX		
RFP - Selection of Independent Auditor		
	FIRMS	
Evaluators	PBMares	Cherry Bekaert
Evaluator 1	96.60%	95.00%
Evaluator 2	95.80%	94.32%
Evaluator 3	90.20%	91.25%
Evaluator 4	92.00%	92.85%
Evaluator 5	97.20%	95.10%
Overall Average	94.36%	93.70%

3 Year Cost		
	PBMares	Cherry Bekaert
COF 3 Year Total	\$ 278,050	\$ 275,500
PWC 3 Year Total	\$ 129,100	\$ 123,000
Combined 3 Year Total	\$ 407,150	\$ 398,500

Issues/Analysis:

The selected independent auditor will need to begin fieldwork in the spring to meet the deadline set by the Local Government Commission to have the audit completed. Therefore, the selection of the auditor is time sensitive.

Although the City has requested pricing for a 3-year period, the Local Government Commission requires annual contracts.

Budget Impact:

Audit services are budgeted annually. Depending on the selected firm, the 3-year budget impact will be between \$398,500 and \$407,150.

Recommended Action:


The Audit Committee recommend to City Council the selection of PBMares, LLP as the Independent Auditor.



Selection of Independent Auditor

Jay Toland, Assistant City Manager/Chief Financial Officer


 **FAYETTEVILLE** NC



Selection of Independent Auditor

- Request for Proposals Advertised February 9, 2021
- Two proposals received March 2, 2021

Firm Name	Location	Local/Minority Subcontractor
Cherry Bekaert, LLP	Fayetteville/Raleigh, NC	Yes
PBMares, LLP	Morehead City, NC	Yes





Selection of Independent Auditor

City and PWC Staff evaluated the proposals March 26, 2021

EVALUATION MATRIX		
RFP - Selection of Independent Auditor		
	FIRMS	
Evaluators	PBMares	Cherry Bekaert
Evaluator 1	96.60%	95.00%
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Evaluator 4	92.00%	92.85%
Evaluator 5	97.20%	95.10%
Overall Average	94.36%	93.70%



Selection of Independent Auditor

COST PROPOSALS

3 Year Cost		
	PBMares	Cherry Bekaert
COF 3 Year Total	\$ 278,050	\$ 275,500
PWC 3 Year Total	\$ 129,100	\$ 123,000
Combined 3 Year Total	\$ 407,150	\$ 398,500



Selection of Independent Auditor

SCORING SUMMARY

- Cherry Bekaert – scored 93.7%. Local Fayetteville Office, Local Minority Subcontractor, familiar with historical City and PWC financial operations – would need to fill in recent 3 year history, 3 Year Cost \$398,500
- PBMares – scored 94.36%, Morehead City Office, Local Minority Subcontractor, familiar with current City and PWC financial operations, 3 Year Cost \$407,150



Selection of Independent Auditor

QUESTIONS



DISCUSSION



SELECTION





Date: April 22, 2021

To: Gina Hawkins, Police Chief

From: Elizabeth Somerindyke, Internal Audit Director

Cc: Audit Committee
Douglas J. Hewett, City Manager

Re: Follow-up Police Department’s Evidence and Property Management Compliance Audit (A2018-01F) Originally Issued June 26, 2018

Objective and Scope

Determine whether management implemented corrective actions to the audit recommendations reported by the Office of Internal Audit related to the Police Department’s Evidence and Property Management Compliance Audit.

The scope of the audit follow-up was limited to the findings and recommendations in the original audit of property and evidence. This approach included interviews with personnel and review of electronic files and documents, to include active and disposed property and evidence RMS reports from July 2020 through December 2020.

Background

The original audit report, dated June 2018, had 12 overall findings with a total of 32 recommendations. The audit provided improvements for management in areas including, safeguarding property and evidence, information systems (RMS) and compliance (policy, procedures and training).

As of the January 23, 2020 Corrective Action Plan provided to the Audit Committee, the Department reported 30 of 32 recommendations were fully implemented. For the remaining two recommendations, the Department either accepted the risk and did not concur or were unable to implement due to cost.

Summary Results

Testing included an evaluation of 30 agreed upon recommendations to determine if corrective actions were implemented. Recommendations were combined if corrective actions taken were identical. It should be noted that some agreed upon recommendations had not been implemented, however this does not in all cases reflect lack of action.

Due to the COVID-19 restrictions, Internal Audit could not perform on-site fieldwork. Therefore, the status of five recommendations could not be determined and were not included in the percentages presented. The review concluded that 25% of the recommendations had been fully implemented, 38% were in progress, 25% implementation had not started and 8% could not be implemented.

Status of Recommendations:					
Implemented	Partially Implemented	Not Implemented	Unable to Implement	Not Agreed Upon	Unable to Determine
6	9	6	2	1	5

Appendix A summarizes and provides the current status and steps taken by management to implement the recommendations made in the report.

Safeguarding

Status of Recommendations:					
Implemented	Partially Implemented	Not Implemented	Unable to Implement	Unable to Determine	Percent Implemented ¹
5	2	2	0	2	56%

The audit conducted in 2018 identified opportunities for security and control of property and evidence to be improved. The opportunities for improvement were associated with: ensuring all areas of the property and evidence unit were sampled during required audits, management review and acknowledgment of audits, facilitating the timely submission of all items to the property and evidence unit, camera utilization, conducting an inventory and maintaining currency in a fireproof safe, quality reviews and addressing the overall increasing inventory levels.

Five of the eleven safeguarding recommendations were *implemented* by improving the security of property and evidence, ensuring audits performed were forwarded for review, and securing high risk items in a fireproof safe. Additionally, the Department expanded and reorganized the property and evidence unit and continues to streamline the disposal process to reduce inventory levels.

The Department made progress related to inventories of currency but had not finalized and released Departmental procedures for implementation. Additionally, the use of cameras was observed within the property and evidence unit. However, the cameras were not used where high risk property and evidence were maintained. Therefore, two of the eleven recommendations were *partially implemented*.

Improvements to ensure audits consisted of a significant representative sampling of all property and evidence was *not implemented*.

Due to the COVID-19 restrictions, the remaining safeguarding areas comprised of the timely submission of all items to the property and evidence unit and quality reviews *could not be determined*.

Information Systems (RMS)

Status of Recommendations:					
Implemented	Partially Implemented	Not Implemented	Unable to Implement	Unable to Determine	Percent Implemented ¹
0	0	0	3	1	0%

Property and evidence records are maintained in the Records Management System (RMS). The recommendations identified in the original audit associated with RMS were data integrity, software capability and oversight of RMS administration.

During the conversion from Visionaire RMS to ONESolution RMS approximately ten years ago, data validation was not performed resulting in incomplete and inconsistent data. Improvements to address the risks identified in the original audit associated with data integrity was determined to be costly and funding was not available; therefore, management was *unable to implement* the recommendation.

¹ Percent implemented calculation does not include where recommendations could not be determined.

Software solutions were not available to allow the Department to enhance RMS to ensure reliable tracking of property and evidence; therefore, management was *unable to implement* the recommendation. However, the use of monitoring arrangements to ensure the risk is kept to a minimum has been recognized by management.

Internal Audit’s recommendation to update the converted data upon disposal *could not be determined* because converted items were not disposed within the audit scope of July 1, 2020 – December 31, 2020.

The remaining area related to oversight of RMS administration was *not agreed upon by management* and for reporting purposes is reflected as *unable to implement*.

Compliance (Policies, Procedures and Training)

Status of Recommendations:					
Implemented	Partially Implemented	Not Implemented	Unable to Implement	Unable to Determine	Percent Implemented ¹
1	7	4	0	2	8%

Instances were noted during the initial audit in which operating procedures were not followed or lacked clarity to ensure compliance. Internal Audit recommended departmental procedures to be updated, to include confirming compliance with the North Carolina General Statutes. Additionally, providing updated training and guidelines to personnel was recommended.

One of the fourteen recommendations was *implemented* by providing a notification process to management when property and evidence was designated as missing. However, it is still recommended for management to formalize the process in written procedures.

Although meaningful movement towards amending operating procedures had been performed, the Department had not finalized and released it to Department personnel for implementation. Therefore, seven of the fourteen recommendations related to compliance were *partially implemented*.

Three of the fourteen recommendations were *not implemented* due to the draft amended operating procedures did not address defining database fields, use of RMS coding, adequate descriptions to prevent the substitution of items and a process to ensure user access rights were reviewed. Additionally, one of the fourteen recommendation was *not implemented* because finalizing procedures was required for training to be updated.

Due to the COVID-19 restrictions, the remaining compliance areas comprising of registration of qualified weapons with the State and returning to the rightful owner as soon as legally possible required on-site fieldwork to validate. Therefore, two of the fourteen recommendations *could not be determined*.

Conclusion

Based on the City of Fayetteville’s Internal Audit Charter, the Office of Internal Audit is responsible for appropriate follow-up and reporting on audit findings and recommendations and all significant findings will remain open until cleared. Management has communicated that although many recommendations remain outstanding, efforts to implement are in process. Internal Audit will continue to monitor for the successful implementation of recommendations associated with significant findings.

The Office of Internal Audit expresses appreciation for the efforts demonstrated by departmental management which resulted in many recommendations progressing towards full resolution.

Appendix A:

DEPARTMENT: Police

AUDIT: Evidence and Property Management Compliance Follow-up Audit

ORIGINALLY ISSUED: June 26, 2018

The Office of Internal Audit has completed the follow-up on the Police Department’s Evidence and Property Management Compliance Audit Report approved by the Audit Committee on June 26, 2018. Internal Audit’s objective was to determine whether management implemented corrective actions to the audit recommendations reported by the Office of Internal Audit.

Results

<i>IMPLEMENTED</i>	<i>PARTIALLY IMPLEMENTED</i>	<i>NOT IMPLEMENTED</i>	<i>UNABLE TO IMPLEMENT</i>	<i>NOT AGREED UPON</i>	<i>UNABLE TO DETERMINE</i>
6	9	6	2	1	5

Finding #	Summary of Original Recommendation Dated June 26, 2018	Current Observation	Implementation Disposition:		
			Initial Implementation Date	Reported Implementation Date	Status as of February 26, 2021
<i>1. The Fayetteville Police Department was not always in compliance with applicable procedures and North Carolina General Statutes.</i>					
1.1	Ensure compliance with operating procedures, specifically confirming the <i>annual audit</i> includes all areas where property and evidence are maintained, to include the Forensic Evidence Unit storage lockers and drying room. (<i>Safeguarding</i>)	An annual audit of property and evidence was conducted in August/September 2020 by sampling only high risk items (jewelry, firearms, currency and narcotics) recorded in the Property and Evidence RMS module. However, the annual audit did not include a significant representative sampling of all property as required by operating procedures. Based on Internal Audit inquiry, the intent of the annual audit is for items maintained by the property and evidence unit and recorded	<i>03/10/2019</i>	<i>01/23/2020</i>	<i>NOT IMPLEMENTED</i>

		within RMS. Therefore, this would exclude the temporary forensic areas. OP Chapter 6: Evidence, and the departmental operating procedures within the chapter that are associated with forensic evidence will need to be updated to reflect audit requirements for the temporary forensic areas.			
1.2	Ensure compliance with operating procedures, to include confirming documentation representing management review of audits and inspections of the Property and Evidence Unit was being maintained to ensure management was aware of potential issues. (<i>Safeguarding</i>)	The annual audit of property and evidence dated September 9, 2020 was acknowledged by appropriate management on September 22, 2020. Additionally, the change of command evidence audit (special audit) dated July 29, 2019 was acknowledged by appropriate management on August 1, 2019.	<i>03/10/2019</i>	<i>01/23/2020</i>	<i>IMPLEMENTED</i>
1.3	Ensure compliance with operating procedures, to include confirming a special audit for ALL types of property and evidence is conducted when there is a transition of personnel in and out of the Property and Evidence Unit. (<i>Safeguarding</i>)	Property and evidence items sampled in the special audit conducted in July 2019 were only high risk (jewelry, firearms, currency and narcotics). This observation is consistent with the original audit, all types of property and evidence were not included in the special audit as required by operating procedures.	<i>03/10/2019</i>	<i>01/23/2020</i>	<i>NOT IMPLEMENTED</i>
1.4	Ensure compliance with operating procedures, to include defining the circumstances when property receipts are required, the personnel responsible to maintain	Operating procedures continue to remain inconsistent when a property receipt is required. Based on Internal Audit inquiry, meaningful movement towards	<i>03/10/2019</i>	<i>01/23/2020</i>	<i>PARTIALLY IMPLEMENTED</i>

	them and ensure they are issued accordingly. (<i>Compliance</i>)	amending operating procedures 6.02 had been performed but were not finalized and released to Department personnel for implementation.			
1.5	Combined under Finding #5.1				
1.6	Stolen firearm checks should be generated for ALL firearms to determine if they have been reported stolen, as required by operating procedures. (<i>Compliance</i>)	<p>On-site fieldwork to review documentation was required to validate implementation related to this recommendation. Due to the COVID-19 restrictions, Internal Audit could not perform on-site fieldwork.</p> <p>Although Internal Audit was unable to validate implementation, the Department understands the importance of this recommendation. This procedure requires the Department to return the firearm to the rightful owner as soon as legally possible.</p>	03/10/2019	01/23/2020	UNABLE TO DETERMINE STATUS
1.7	Documentation should be maintained showing the firearm was entered in the Recovered Gun File, as required by operating procedures. (<i>Compliance</i>)	<p>On-site fieldwork to review documentation was required to validate implementation related to this recommendation. Due to the COVID-19 restrictions, Internal Audit could not perform on-site fieldwork.</p> <p>Although Internal Audit was unable to validate implementation, the Department understands the importance of this recommendation. This procedure requires the Department to register</p>	03/10/2019	01/23/2020	UNABLE TO DETERMINE STATUS

		qualified weapons with the State to allow for the return of the firearm to the rightful owner as soon as legally possible.			
1.8	Review the training given to officers/detectives on property and evidence processing, educate on the impact of property and evidence not processed correctly and provide refresher training to all applicable Department personnel. <i>(Compliance)</i>	Based on Internal Audit inquiry, training was not developed and provided to officers/detectives but will be required upon finalizing the operating procedures.	<i>03/10/2019</i>	<i>01/23/2020</i>	<i>NOT IMPLEMENTED</i>
<i>2. The data maintained within the Record Management System (RMS) was unreliable.</i>					
2.1	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, and update RMS records accordingly. <i>(Safeguarding)</i>	Based on Internal Audit inquiry, significant efforts towards completing a 100% inventory of all currency had been performed by drafting a currency handling policy and establishing the necessary accounts for depositing all relevant currency into a financial institution instead of maintaining the currency in the Property and Evidence Unit. Once the currency handling policy is finalized, a full and complete currency inventory will be conducted when moving the currency into the financial institution.	<i>03/10/2019</i>	<i>01/23/2020</i>	<i>PARTIALLY IMPLEMENTED</i>
2.2	Amend Operating Procedure 6.2 to provide clear guidance consisting of defining database fields and use of coding for all types of property and evidence in RMS; to include how debit,	Although draft operating procedure 6.02 General Evidence and Property Management addresses the initial entry of all items should be accurate and identify required information, it	<i>03/10/2019</i>	<i>01/23/2020</i>	<i>NOT IMPLEMENTED</i>

	credit, gift or EBT cards and check or money orders should be classified and stored. (Compliance)	<p>did not address incomplete and inconsistent coding within RMS.</p> <p>Additionally, class code and category code were not required fields based on the draft policy.</p> <p>Based on Internal Audit inquiry, coding within RMS is extensive and not realistic to include within operating procedures. However, to ensure coding is consistent and complete the Department will develop and provide training upon completion of the updated operating procedure to enforce these expectations.</p>			
2.3	Review the property and evidence items converted from Visionaire RMS to ONESolution RMS to determine if disposing is an option, and update missing and inconsistent information upon disposal. (Information Systems RMS)	Based on Internal Audit review of reports provided, the Department did not dispose of items impacted from the Visionaire RMS conversion during January 1, 2020 to December 31, 2020.	03/10/2019	01/23/2020	UNABLE TO DETERMINE STATUS
2.4	For all other items required to be maintained, 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. (Information Systems RMS)	The Department determined the costs to “clean up” the data would exceed \$100,000 and funding was not available. Due to the cost, no further action was taken to “clean up” the data.	03/10/2019	Not implemented (Due to Cost)	UNABLE TO IMPLEMENT

3. Internal controls need strengthened					
3.1	Consider having RMS Administration supervised by the Information Technology Department to alleviate the current conflict of interest and allow personnel to supervise this position with knowledge of the need for segregation of duties, access controls and security over RMS. (<i>Information Systems RMS</i>)	Management did not concur; therefore, the recommendation was not implemented.	<i>Management did not concur</i>	<i>Management did not concur</i>	<i>DEPARTMENT DID NOT CONCUR</i>
3.2	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. (<i>Compliance</i>)	<p>Based on Internal Audit inquiry, the Department does not have departmental procedures and follows the City's IT Access Control Policy #604.</p> <p>The City's policy applies to all City users with access to the City's IT Network, to include software. It also defines user access rights and requires documented approval for access to the CoF network.</p> <p>However, the City's policy does not provide a process for the Police Department to manage user access, specify user access rights and review access periodically to ensure only authorized users have access.</p>	<i>03/10/2019</i>	<i>01/23/2020</i>	<i>NOT IMPLEMENTED</i>
3.3	Determine if RMS can be updated to assign the PR# after the record has been saved. If not, determine if a process can be	Based on Internal Audit inquiry, the RMS software cannot be updated to ensure the control numbers (PR#) are consecutive and	<i>03/10/2019</i>	<i>10/24/2019</i>	<i>UNABLE TO IMPLEMENT</i>

	<p>implemented which would allow approval and tracking when a record is canceled after the PR# has been assigned. (<i>Information Systems RMS</i>)</p>	<p>a full population exists. Therefore, the Department cannot rely upon the RMS software to accurately track and account for all property and evidence received.</p> <p>Additionally, a process to allow for tracking all PR#'s not identified within the RMS software would be time intensive and could not be relied upon for completeness.</p> <p>However, the Department acknowledged the importance of effective physical security controls to ensure property and evidence is accurately tracked. The Department currently has four cameras being utilized (see 7.2) and intends to enhance the use of the current cameras and expand the number of cameras for improved security controls within the property and evidence unit.</p>			
4. Items were not located					
4.1	<p>Continue to research the whereabouts of the two items missing and notify the courts and attorneys as deemed necessary. (<i>Safeguarding</i>)</p>	<p>After the original audit was presented to the Audit Committee on June 26, 2018, both items were located and provided to Internal Audit for review.</p>	<i>03/10/2019</i>	<i>08/23/2018</i>	<i>IMPLEMENTED</i>
4.2	<p>Procedures for notifying management, to include Police Attorney, should be established when property and evidence is designated missing. (<i>Compliance</i>)</p>	<p>Although formal procedures were not established, notification was made by a memo to management during the special audit conducted in July 2019.</p>	<i>03/10/2019</i>	<i>08/23/2018</i>	<i>IMPLEMENTED</i>

		It is still recommended for management to formalize the process into written procedures.			
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 level of property and evidence through the disposal process. <i>(Safeguarding)</i>	Based on Internal Audit inquiry, the Department considered performing quarterly audits of high risk items. However, insufficient Departmental staffing levels prevented the quarterly audits from being conducted but the required audits during the year will be spaced in manner to provide bi-annual audits.	<i>03/10/2019</i>	<i>01/23/2020</i>	<i>IMPLEMENTED</i>
5. Procedures were not always clear and consistent with current processes.					
1.5, 5.1 and 5.2	<p>Ensure compliance with operating procedures, to include documenting complete and accurate descriptions of property and evidence and completing the database fields required within RMS. (1.5)</p> <p>Specific requirements should be listed in the operating procedures to ensure sufficient and consistent descriptions are documented for all property and evidence. (5.1)</p> <p>Clear realistic expectations of personnel's responsibilities to ensure the accuracy of the description, type, and amount of property should be clarified in the operating procedures.(5.2) <i>(Compliance)</i></p>	<p>Controls could not be updated within RMS to require complete descriptions. Based on Internal Audit review, property and evidence descriptions continued to be recorded in RMS inconsistently and were incomplete.</p> <p>Draft operating procedure 6.02 General Evidence and Property Management addresses that the initial entry of all items should be accurate and identify required information, to include a complete item description (color, make, model, and caliber if applicable).</p> <p>However, the draft operating procedure did not provide the user the understanding that items should be described in a manner that enables the reader to visualize the</p>	<i>03/10/2019</i>	<i>01/23/2020</i>	<i>NOT IMPLEMENTED</i>

		<p>item without physically examining, to include ensuring the items could not be substituted.</p> <p>Based on Internal Audit inquiry, the Department will develop and provide training upon completion of the updated operating procedures, this training will enforce the expectations related to documenting property and evidence descriptions for completeness and consistency.</p>			
5.2	Combined under Finding #5.1				
5.3 and 5.4	<p>Improve operating procedures by addressing 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.</p> <p>Update operating procedures on the process change of using laboratories other than SBI. (Compliance)</p>	<p>Draft operating procedure 6.02 General Evidence and Property Management was amended to add “final” and now reads “the <i>final</i> weight of all narcotic evidence sent to the SBI for analysis is to be determined by the SBI Laboratory chemist.”</p> <p>Based on Internal Audit inquiry, if the narcotic evidence is not sent to the SBI Laboratory the “count” required by the officer of all narcotics as outlined in the draft operating procedure will be used.</p> <p>Additionally, feedback from the Department acknowledged that only the SBI Laboratory is used for narcotics or determining the weight of narcotics.</p>	03/10/2019	01/23/2020	PARTIALLY IMPLEMENTED

		Although meaningful movement towards amending operating procedures related to this recommendation had been performed, the Department had not finalized and released to Department personnel for implementation.			
5.4	Combined under Finding #5.3				
5.5	Improve operating procedures by clarifying what types of property and evidence can be opened to include the persons allowed to open each specific type of property and evidence. <i>(Compliance)</i>	<p>Draft operating procedure 6.02 General Evidence and Property Management was amended to read “packages of property/evidence shall only be opened by authorized persons and shall be documented by the investigating officer/case agent.”</p> <p>Although meaningful movement towards amending operating procedures to bring clarity related to this recommendation had been performed, they had not finalized and released to Department personnel for implementation.</p>	<i>03/10/2019</i>	<i>01/23/2020</i>	<i>PARTIALLY IMPLEMENTED</i>
5.6	Review and update operating procedures for areas impacted when ONESolution RMS was implemented. <i>(Compliance)</i>	<p>Draft operating procedure 6.02 General Evidence and Property Management was amended to remove outdated forms no longer being utilized due to the implementation of ONESolution RMS.</p> <p>Although meaningful movement towards amending operating procedures by removing references</p>	<i>03/10/2019</i>	<i>01/23/2020</i>	<i>PARTIALLY IMPLEMENTED</i>

		to outdated forms had been performed, they had not finalized and released to Department personnel for implementation.			
6. Potential safety concerns may exist in the Property and Evidence Unit					
6	Review and update the operating procedure as deemed applicable to ensure Department personnel understand the importance of the guidelines related to biohazard labeling and appropriate storage of food and liquid beverages. <i>(Compliance)</i>	<p>Draft operating procedure 6.02 General Evidence and Property Management was amended to provide clarity to “perishable items” and the circumstances that may require such storage.</p> <p>However, for items related to biological evidence the operating procedure referred the reader to operating procedure 6.7 Forensic Unit Evidence Collection procedures, management should ensure the draft operating procedure refers the reader to the applicable operating procedure related to biohazard labeling.</p> <p>Although meaningful movement towards amending operating procedures related to biohazard labeling and appropriate storage of perishable items had been performed, they had not finalized and released to Department personnel for implementation.</p>	03/10/2019	01/23/2020	PARTIALLY IMPLEMENTED
7. Security over property and evidence could be improved					
7.1	If currency continues to be maintained in Property and Evidence, consider maintaining	Internal Audit confirmed through payment documentation that a fireproof safe was purchased for the storage of currency. Due to the	03/10/2019	01/23/2020	IMPLEMENTED

	the currency in fireproof safes. <i>(Safeguarding)</i>	COVID-19 restrictions, Internal Audit did not observe the safe but a picture of the safe was provided to validate the use for currency.			
7.2	Install and utilize working cameras to provide surveillance in all areas where property and evidence are stored. <i>(Safeguarding)</i>	Internal Audit observed four working cameras within the property and evidence unit. However, the angles of the cameras did not capture areas being utilized to store property and evidence. Based on Internal Audit inquiry, the Department intends to enhance the use of the current cameras and expand the number of cameras for improved security controls within the property and evidence unit.	<i>03/10/2019</i>	<i>10/25/2018</i>	<i>PARTIALLY IMPLEMENTED</i>
<i>8. Property and evidence was not always submitted to the Property and Evidence Unit timely</i>					
8	Determine if 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, and if appropriate, ensure the process is sufficient to safeguard the items and ensure the integrity of the chain of custody is maintained. <i>(Safeguarding)</i>	On-site fieldwork to review documentation was required to validate implementation related to this recommendation. Due to the COVID-19 restrictions, Internal Audit could not perform on-site fieldwork.	<i>03/10/2019</i>	<i>08/23/2018</i>	<i>UNABLE TO DETERMINE STATUS</i>
<i>9. Controls could be strengthened for the disposal of narcotic property and evidence.</i>					
9	Incorporate IAPE Standards 9.6 through 9.8 related to the destruction of drugs in the processes utilized by the Department, to include updating written operating procedures	Based on Internal Audit inquiry, the Department is unable to implement IAPE Standard 9.6 – Storage Pending Destruction due to lack of space. However, narcotics related to disposals remain secured	<i>03/10/2019</i>	<i>01/23/2020</i>	<i>PARTIALLY IMPLEMENTED</i>

	based on the management approved process. (<i>Compliance</i>)	<p>and separated from active narcotic evidence.</p> <p>The draft operating procedure identifies witnesses and requires an accurate record of narcotic destruction as identified in IAPE 9.7 – Destruction Documentation and IAPE 9.8 – Destruction Method. However, the draft operating procedure only addresses the destruction of found property and not evidence related to narcotics. Additionally, an independent witness outside the property unit to validate that all items were destroyed is not required.</p> <p>Although the draft operating procedure states “an accurate record of the destruction” is required, it is recommended to expand the documentation requirements.</p>			
10. Quality reviews were not conducted for the Property and Evidence Unit					
10	All aspects of property and evidence should 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. (<i>Safeguarding</i>)	On-site fieldwork to ensure quality reviews were conducted and effective was required to validate implementation related to this recommendation. Due to the COVID-19 restrictions, Internal Audit could not perform on-site fieldwork.	<i>03/10/2019</i>	<i>01/23/2020</i>	<i>UNABLE TO DETERMINE STATUS</i>

11. Operating procedures for disposals lacked necessary internal controls, needed clarity to ensure compliance and required updating for consistency with the North Carolina General Statutes					
11.1 – 11.6	Create or amend operating procedures addressing matter related to disposals observed during the audit. Emphasis should be placed on the classifications of property, methods of disposal, and procedures for disposition. (Compliance)	<p>Although the draft operating procedures addressed several of the recommendation related to disposals, not all recommendations were identified in the draft operating procedure.</p> <p>It is suggested for management to review the recommendations and update the draft operating procedure before finalizing.</p> <p>Based on Internal Audit inquiry, meaningful movement towards amending operating procedures had been performed related to disposal of property, but were not finalized and released to Department personnel for implementation.</p>	03/10/2019	01/23/2020	PARTIALLY IMPLEMENTED
12. Property and evidence levels have been increasing and without improvements to facilitate evidence disposition; storage space will soon be depleted					
12	Develop and implement a strategic plan to address the increasing levels of property and evidence. (Safeguarding)	<p>Based on Internal Audit inquiry, the Departments net intake of property and evidence continued to increase over the last 5 years. However, the average disposal rate improved.</p> <p>The Department expanded and reorganized the property and evidence unit. Additionally, the Department has been working to streamline the disposal process to</p>	03/10/2019	01/23/2020	IMPLEMENTED

		reduce the levels but has encountered external challenges.			
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DRAFT



Date: April 22, 2021

To: Dr. Gerald Newton, Development Services Director

From: Elizabeth Somerindyke, Internal Audit Director

Cc: Audit Committee
Douglas J. Hewett, City Manager
Telly Whitfield, Ph.D., Assistant City Manager

Re: Follow-up Permitting and Inspections Compliance Audit (A2016-02F)
Originally Issued October 20, 2016

Objective and Scope

Determine whether management implemented corrective actions to the audit recommendations reported by the Office of Internal Audit related to the Permitting and Inspections Compliance Audit.

The scope of the audit follow-up was limited to the findings and recommendations in the original audit of permitting and inspections. This approach included interviews with personnel and review of electronic files and documents, to include permits issued from July 2019 through June 2020.

Background

The original audit report, dated October 2016, had 35 overall findings with a total of 61 recommendations. The audit provided improvements for management in areas including information systems (Cityworks), compliance, training and quality reviews with ongoing monitoring.

As of the August 8, 2019 Corrective Action Plan provided to the Audit Committee, the Department reported all recommendations were fully implemented.

Summary Results

Testing included an evaluation of 58 agreed upon recommendations to determine if corrective actions were implemented. One additional recommendation was determined to be outside the scope of the original audit objective, and therefore, was not included in follow-up testing. In addition, recommendations were combined if corrective action taken was identical. Some agreed upon recommendations had not been implemented, however, this did not reflect a lack of action.

During the original audit and continuing thereafter, the Department faced significant changes while implementing and working through the challenges of a new software program, turnover in key personnel, departmental reorganization and the ongoing uncertainty due to the COVID-19 pandemic. Through it all, substantial progress was made related to the audit recommendations resulting in 90% being fully implemented, 6% in progress and 4% with implementation that had not started.

Status of Recommendations:				
Implemented	Partially Implemented	Not Implemented	Unable to Implement	Unable to Determine Status
44	3	2	4	2

Appendix A summarizes and provides the current status and steps taken by management to implement the recommendations made in the report.

Information Systems (Cityworks):

Status of Recommendations:				
Implemented	Partially Implemented	Not Implemented	Unable to Implement	Percent Implemented
8	1	0	4	89% ¹

Cityworks, a software program, was implemented with the goal to allow City personnel and contractors/property owners to track and move proposed projects through the approval, permitting and inspection processes. Cityworks was to enable effective management and oversight for permitted projects. The recommendations in the original audit associated with Cityworks identified deficiencies during implementation related to data integrity, maximizing software capabilities, monitoring and oversight of Cityworks functions, and access controls.

Based on Internal Audit inquiry, eight of the thirteen information system recommendations were *implemented*. Through collaboration with the Information Technology Department, the Department maximized the use of the scheduler, addressed the modified by for fees and check marks used in workflows, created standard reports, configured automatic permit status updates and permit expiration notices to permit holders, and developed controls to verify address and PIN information. In addition, the Department reviewed and updated all workflows to create a streamlined inspection process more closely aligned to the specific inspection requirements for each type of permit.

Although recommendations were implemented, Cityworks continues to require additional improvements to be conducive to the Department’s processes; and control weaknesses remain, requiring enhanced departmental quality reviews and an additional evaluation of information obtained through reporting.

The Department made progress related to user access by removing the inspector’s ability to delete inspections with the exception of designated personnel but had not restricted access to modify and delete permit fees. Therefore, one of the thirteen recommendations was *partially implemented*.

Management was *unable to implement* four recommendations. When implementing the Cityworks software approximately seven years ago, customizations were made resulting in data integrity issues when installing software updates. Due to the complexity of data table storage, the magnitude of integrity matters could not be determined. In addition, software solutions within Cityworks were not available to prevent printing a certificate of occupancy or compliance prior to the completion of the final inspection; duplicate permits from being created, and inspectors from backdating inspections.

Compliance (State, Local, Internal Policies and Procedures):

Status of Recommendations:			
Implemented	Partially Implemented	Not Implemented	Percent Implemented
27	2	0	93%

Instances were noted during the initial audit in which formal internal written policies and procedures did not exist. Internal Audit recommended creating or updating departmental procedures, and ensuring internal

¹ Percent implemented calculation does not include recommendations that could not be implemented or determined.

policies and procedures and City Code comply with the North Carolina General Statutes and State Building Codes.

Twenty-seven out of twenty-nine recommendations were *implemented* by updating City Code and creating formal internal policies and procedures to support the achievement of departmental objective and ensure compliance. Policy elements were not tested by Internal Audit.

The Department’s performance goals and service standards were established but reporting used to collect the data was unreliable and could not be reconciled. Management recognizes the importance of collecting and reporting accurate performance information, but due to the inconsistency in data reports, this recommendation was *partially implemented*.

In addition, the Department made yearly incremental changes to the fee schedule; however, exceptions continued to be identified. Therefore, Internal Audit’s recommendation for enhancements and consistency in the fee schedule was *partially implemented*. Due to the exceptions noted, a follow-up on this finding will be included on the Fiscal Year 2021-2022 Annual Audit Plan.

Training:

Status of Recommendations:			
Implemented	Partially Implemented	Not Implemented	Percent Implemented
8	0	0	100%

Internal Audit recommended training to provide personnel with the tools, resources and information to support the accomplishment of job duties and responsibilities.

All recommendations related to training were *implemented*. Based on Internal Audit inquiry, management provided on-going training related to departmental policies and procedures and created how to manuals, to include cross training personnel. As of April 6, 2021, management had distributed policies, procedures and guidelines to personnel for review and acknowledgement. Training included but was not limited to Cityworks, cash receipts, issuing refunds, processing fees, documenting inspections, calculating and validating square footage and callback fees.

Quality Reviews and Ongoing Monitoring:

Status of Recommendations:				
Implemented	Partially Implemented	Not Implemented	Unable to Determine	Percent Implemented
1	0	2	2	33% ¹

Supervision is a control used to achieve departmental objectives through reviews, approvals and continuous monitoring. When improvement is needed in other areas, quality reviews can help mitigate risks by detecting errors and identifying additional policies, procedures and training needs.

The Department established a review process for daily cash receipt reporting. Therefore, one of five recommendations for quality reviews and ongoing monitoring was *implemented*.

One recommendation was *not implemented* because no documentation was created or provided to indicate the established quality review program was implemented by inspection’s departmental management. In addition, there were no quality reviews in relation to reviewing the completed workflows within the Cityworks software, to include inspections that were documented as ‘NA.’ Therefore, one additional recommendation was *not implemented*. However, management recognized the importance of a formal

documentation process and the importance of reviewing the workflows within Cityworks, and on April 9, 2021, a quality control review form was created to allow for consistent execution of the program.

Lastly, two recommendations had a status of *unable to determine* because Internal Audit was unable to perform on-site fieldwork due to the ongoing COVID-19 pandemic. Internal Audit will provide a self-assessment during the fiscal year 2021-2022 risk assessment to ensure the Department is able to fully implement the self-assessment of internal controls. In addition, Internal Audit was unable to complete a walkthrough with permitting staff in relation to the quality control reviews completed on permit applications and the accurate assessment of permit fees, and will follow-up on this recommendation as part of the Fiscal Year 2021-2022 Annual Audit Plan.

Conclusion

Based on the City of Fayetteville Internal Audit Charter, the Office of Internal Audit is responsible for appropriate follow-up and reporting on audit findings and recommendations, and all significant findings will remain open until cleared. Management has communicated efforts to implement outstanding recommendations are in process. Internal Audit has indicated areas with significant findings which will be included on the fiscal year 2021-2022 audit plan to monitor for successful implementation of recommendations.

The Office of Internal Audit expresses appreciation for the efforts demonstrated by departmental management which resulted in a significant number of recommendations progressing to full resolution.

Appendix A:

DEPARTMENT: Development Services

AUDIT: Permitting and Inspections Compliance Follow-up Audit

ORIGINALLY ISSUED: October 20, 2016

The Office of Internal Audit has completed the follow-up on the Permitting and Inspections Compliance Audit Report approved by the Audit Committee on October 20, 2016. Internal Audit’s objective was to determine whether management implemented corrective actions to the audit recommendations reported by the Office of Internal Audit.

Results

<i>IMPLEMENTED</i>	<i>PARTIALLY IMPLEMENTED</i>	<i>NOT IMPLEMENTED</i>	<i>UNABLE TO IMPLEMENT</i>	<i>UNABLE TO DETERMINE</i>
44	3	2	4	2

#	Summary of Recommendation Dated October 20, 2016	Summary of Finding Dated October 20, 2016	Current Observation	Implementation Disposition:	
				Reported Implementation Date	Status as of March 1, 2021
<i>1. Internal controls need improvement.</i>					
1	Periodically perform a self-assessment of internal controls so departmental objectives are achieved and responsibilities are met. <i>(Quality Review & Ongoing Monitoring)</i>	The Department experienced difficulty completing tasks for a number of reasons. <ul style="list-style-type: none"> • New software program; • Impacts of staffing turnover; and • Assignment of authority and responsibility. 	On-site fieldwork to review documentation was required to validate implementation related to this recommendation. Due to COVID-19 restrictions, Internal Audit could not perform on-site fieldwork.	<i>10/25/2018</i>	<i>UNABLE TO DETERMINE</i>
<i>2. Written policies for the Permitting and Inspections Department were lacking.</i>					
2	Written policies and procedures should be developed to set forth requirements; to ensure consistency and	The Department did not have formal written policies to make connections between procedures and how they	Policies and procedures, as recommended by Internal Audit, were written and distributed to employees	<i>10/25/2018</i>	<i>IMPLEMENTED</i>

	reliability of information; provide adherence to laws and regulations; and include provisions for performance measure collection, calculation, review and reporting. In addition, these guidelines should include sufficient information to allow an individual who is unfamiliar with the operations to perform the necessary activities. <i>(Compliance)</i>	support the organization's goals and strategic plan. Procedures were outdated, hard to understand and seldom used by department personnel. Procedures should help to ensure management directives are carried out and address identified risks.	through PowerDMS as of April 6, 2021. Policy elements were not tested by Internal Audit.		
3. The Permitting and Inspections Department was not in compliance with documentation requirements and records retention rules and regulations.					
3.1	Comply with records retention rules as governed by North Carolina General Statutes, North Carolina State Building Code; North Carolina Department of Cultural Resources Records Retention and Disposition Schedule, Fayetteville City Code, and City of Fayetteville Policies. <i>(Compliance)</i>	The Department did not retain documents as required by the North Carolina Department of Natural and Cultural Resources.	Based on Internal Audit inquiry, electronic files were updated to include all available documentation, and documents are being maintained in accordance with the record retention requirements. Due to COVID-19, Internal Audit did not test for compliance.	10/25/2018	IMPLEMENTED
3.2	Procedures should be outlined for retaining all supporting documentation and where the documentation will be kept, taking into account records	Written procedures were needed to assist departmental personnel to understand their responsibilities within the department and provide accountability related to records retention.	Policy #008-DS, Records Retention, was written to include guidance on records retention. Policy elements were not tested by Internal Audit.	10/25/2018	IMPLEMENTED

	retention rules. <i>(Compliance)</i>				
4. Departmental organizational was not in compliance with the Fayetteville City Code for the Enforcement of the North Carolina State Building Code.					
4	Ensure compliance with Fayetteville City Code 7-31 and 7-32, consider reorganizing the structure of the Permitting and Inspection and the Planning Services and Code Enforcement Departments so the Permitting and Inspections Director oversees all matters related to interpretation and enforcement of North Carolina State Building Code. <i>(Compliance)</i>	City Council authorized the “Inspections Director” to enforce all aspects of the North Carolina Building Code. However, portions of this enforcement were not under the control of the “Inspections Director.”	The Permitting and Inspection Department and Planning Services and Code Enforcement Department were reorganized and combined into the Development Services Department for compliance.	10/26/2017	IMPLEMENTED
5. Demolition permits were issued without a bond in accordance with Fayetteville City Code.					
5.1	Ensure compliance with the Fayetteville City Code 7-62 by requiring a bond be posted at the time of demolition permit application. <i>(Compliance)</i>	Demolition permits were issued without a bond posted at the time of application for the permit, as required by City Code.	The City Code 7-62 was updated in March 2021 by deleting the bond requirement for demolitions it in its entirety and substituting with a reference to State Law – Building Permits, G.S. 160D-1110.	06/26/2018	IMPLEMENTED
5.2	City Code 7-62 should be updated to define the amount of the bond; currently the amount is defined as “good and sufficient.” <i>(Compliance)</i>	City Code 7-62 did not define demolition bond amounts, but provided a subjective definition of “good and sufficient”.	The City Code 7-62 was updated in March 2021 by deleting the bond requirement for demolitions it in its entirety and substituting with a reference to State Law – Building Permits, G.S. 160D-1110.	06/26/2018	IMPLEMENTED

6. Certificates of occupancy and certificates of compliance were issued before final inspections were completed.					
6.1	Compliance with the North Carolina State Building Code 204.8 by requiring final inspections to be completed before issuing certificates of occupancy and compliance. (Compliance)	Certificates of occupancy and/or compliance were issued before all inspections were completed on permits.	A review of all permits initiated between July 1, 2019 and June 30, 2020 with certificates of occupancy and/or compliance issued had all inspections completed on the workflow within Cityworks.	06/26/2018	IMPLEMENTED
6.2 / 25.1	Utilize automated resources in Cityworks to ensure certificates of occupancy and compliance are not issued or printed before final inspections are completed. (Information Systems Cityworks)	Cityworks did not have the capability to prevent the issuance of certificates of occupancy and/or compliance before all inspections were completed. Handwritten certificates of occupancy and/or compliance were also used.	Cityworks does not have the capability to prohibit issuance without all inspections resulted because certificates of occupancy and/or compliance are considered reports through separate software that does not allow for these controls. Based on Internal Audit inquiry, a certificate printed prior to the final inspection would have an invalid date and lack the signature of designated personnel signifying the certificate is invalid.	06/26/2018; 10/25/2018	UNABLE TO IMPLEMENT
7. Certificates of compliance and certificates of occupancy were not issued pursuant to the North Carolina General Statutes and the North Carolina State Building Code.					
7.1	Compliance with the North Carolina General Statutes 160A-423 by requiring the issuance of certificate of compliance for all applicable permits. (Compliance)	The Department only issued a certificate of occupancy to commercial and residential new construction and renovations. Certificates of compliance were not issued.	Based on Internal Audit inquiry, all requirements are met by issuing certificates of compliance for trade permits (electrical, mechanical and plumbing) to include documenting in Cityworks.	08/23/2018	IMPLEMENTED

7.2	Create formal procedures for the certificate of compliance and certificate of occupancy process. (Compliance)	The Department lacked written procedures to assist personnel to understand responsibilities within the department and provide accountability for their work relating to issuance of certificates of compliance.	Policy #43800-038 was written and included guidance on the issuance of a Certificate of Occupancy, Temporary Certificate of Compliance, and Stocking Certificate of Occupancy. The North Carolina General Statutes and the North Carolina State Building Code use 'occupancy' and 'compliance' interchangeably. Policy elements were not tested by Internal Audit.	08/23/2018	IMPLEMENTED
8. Enforcement actions to require contractors to comply with the building code were not updated when privilege license was repealed on July 1, 2015.					
8	Update enforcement actions within Fayetteville City Code 7-71 in relation to the July 1, 2015 repeal of privilege license tax to ensure compliance with the North Carolina State Building Code. (Compliance)	The General Assembly repealed the privilege license tax effective, July 1, 2015, but City Code had not been updated and allowed revocation of privilege license as an enforcement provision.	City Code 7-71 was updated, effective May 8, 2017, to replace the authority to revoke a contractor's privilege license with the authority to issue a stop work order.	08/03/2017	IMPLEMENTED
9. Poor computer system controls existed within the Permitting and Inspections Department.					
9.1	Specialized audit of Cityworks should be considered due to deficiencies revealed during audit. (Information Systems Cityworks)	Testing performed by Internal Audit in Cityworks revealed deficiencies. There were areas where Internal Audit was not able to determine compliance with laws and regulations.	Management considered but did not conduct a specialized audit of Cityworks.	08/08/2019	IMPLEMENTED

9.2	<p>Establish access controls within Cityworks to provide <i>key personnel</i>* the ability to add, modify and delete fees, inspections and permits. Overriding setup controls should be considered an exception and not the rule. (Information Systems Cityworks)</p>	<p>Cityworks was implemented to allow personnel to add, modify and delete fees, permits and inspections on workflows as a “work around” to perform their job duties.</p>	<p>Based on a review of access controls in Cityworks, the ability to delete tasks from workflows was removed from inspectors but was retained by designated personnel for exceptions.</p> <p>No changes were made to access controls related to the ability to change / delete fees based on need by Development Services. A review of fees showed when the ‘auto recalculate’ box was not checked, permit fees could be modified as this indicated a manual fee calculation took place. This resulted in fees billed and collected incorrectly with no controls preventing manual fee calculations.</p> <p>Subsequently, based on Internal Audit inquiry with Departmental management, the ability to change / delete fees will be reduced to designated personnel.</p>	08/08/2019	PARTIALLY IMPLEMENTED
9.3	<p>Ensure Permitting and Inspections personnel read and understand the <i>City of Fayetteville Policy # 114 Information Technology</i></p>	<p>Internal Audit noted during the original audit that a user was given the approval to use someone else’s access due to a problem with their own access.</p>	<p>The <i>City of Fayetteville Policy # 114 Information Technology Appropriate Usage</i>, was changed to Policy #603 Information Technology Acceptable Use</p>	08/08/2019	IMPLEMENTED

	<i>Appropriate Usage</i> policy. (Compliance)		Policy with a revised date of July 1, 2018. This policy was distributed to City personnel on July 19, 2018 through PowerDMS, a policy management software.		
9.4	Cityworks software should be used to its maximum efficiency as it related to the scheduler function. (Information Systems Cityworks)	Cityworks had the capability to record the date and time of an inspection request. However, personnel were using EXCEL spreadsheets to manually track inspection scheduling and not using the Cityworks software.	<p>Based on Internal Audit inquiry, customers have the ability to request inspections through the on-line portal. However, there is no limit to the number of inspection requests allowed by permit holders for a particular day. Inspection requests must be manually assigned to applicable Inspectors.</p> <p>Overall, the software requires additional improvements to be conducive to the Department's processes.</p> <p>Based on Internal Audit inquiry, Cityworks scheduler has been implemented to its maximum potential but does not bring efficiency to the process.</p>	08/08/2019	IMPLEMENTED
9.5	Ensure the deficiencies revealed in Cityworks are remedied and will provide an adequate level of control ("modified by" field and check mark resulting	There were instances when Cityworks allowed for an inspection to be resulted on the workflow with only a check mark which also allowed personnel to move to	Based on Internal Audit review, all inspections were properly resulted on workflows within Cityworks with no evidence of being resulted with a checkmark.	08/08/2019	IMPLEMENTED

	workflows). (<i>Information Systems Cityworks</i>)	the next milestone of inspections. Cityworks reflected personnel names in a “modified by” field, but was not always reliable.	Based on Internal Audit inquiry, Cityworks has an audit function that identifies changes and the user name that modified the information.		
9.6	Implement controls within Cityworks to prevent backdating inspection activity. (<i>Information Systems Cityworks</i>)	Inspectors would result tasks during late afternoon office hours or the following morning, increasing the risk that the inspection would not be properly recorded.	Cityworks software does not have the functionality to stop the ability to backdate inspections. Without a mitigating control in place, inspections may be resulted for prior periods which can skew information used for performance measures and individual performance evaluations. (see Finding #11)	<i>08/08/2019</i>	<i>UNABLE TO IMPLEMENT</i>
10. The Permitting and Inspections Department should establish a quality review program for the permitting and inspections process.					
10.1	Develop a work quality review program for inspections, to include an adequate number of appropriate reviews be conducted in a timely manner. (<i>Compliance</i>)	The Department lacked processes that outlined the requirement for quality reviews to ensure consistency and compliance with laws and regulations.	A quality review program was established for trade supervisors in Policy #43800-025 to include a defined number of reviews. Policy elements were not tested by Internal Audit.	<i>08/23/2018</i>	<i>IMPLEMENTED</i>
10.2	Quality reviews should be documented, maintained and utilized as measures of effectiveness during performance evaluations. (<i>Quality Review & Ongoing Monitoring</i>)	Monitoring for compliance with standards, as well as managers reviewing inspectors work for consistency with North Carolina State Building Code and meeting minimum	No documentation was created or used to report quality reviews performed by management. Subsequently a quality control review form was	<i>08/23/2018</i>	<i>NOT IMPLEMENTED</i>

		standards for effective inspections was not performed.	created to allow for consistent documenting of inspection quality reviews and provided to Internal Audit on April 9, 2021.		
11. The Permitting and Inspections Department did not have sufficient data quality and integrity for reliable reporting and tracking purposes					
11	Permitting and Inspections management should establish measurable and achievable performance goals and standards. Formal processes should be established to collect data, and training should be provided to ensure accurate input of the data used. <i>(Compliance)</i>	Performance measurement data was unreliable, misleading and comprised of duplicated information; it was not inclusive of all relevant information or data that had not yet been defined within the department or was not currently being tracked. It was unclear how work was to be evaluated for the performance metrics and data was manually maintained from various sources with differing understandings of the information.	Based on Internal Audit inquiry, the Department established performance goals and service standards. However, Internal Audit inquiry revealed that reports used for measuring performance were unreliable and did not reconcile to reported data. Management has subsequently notified the Information Technology department regarding the observation and has requested further review and correction to ensure precise data is reported.	10/25/2018	PARTIALLY IMPLEMENTED
12. Cityworks 2015 update created further data integrity and accuracy concerns.					
12	Data integrity and accuracy concerns created by the 2015 update of Cityworks should be reviewed, 'cleaned' and corrected if considered necessary. <i>(Information Systems Cityworks)</i>	The 2015 update implemented in Cityworks on June 29, 2016 created outstanding balances for permits that had been finalized causing fee data within Cityworks to be unreliable. It is unclear how many other undiscovered	Consultation was performed related to the impact of the 2015 update. However, the extent of undiscovered data integrity matters could not be determined due to the complexity of data table storage within Cityworks. Therefore, the City does not	08/23/2018	UNABLE TO IMPLEMENT

		data integrity problems the update created.	know the extent of data integrity problems the 2015 update created. However, testing was enhanced for future updates.		
13. Permitting and Inspections personnel lack the knowledge to use Cityworks effectively					
13	Formal training on the Cityworks software program should be instituted to provide familiarity with the system. <i>(Training)</i>	Personnel were expected to learn on the job from supervisors and experienced personnel. During implementation of Cityworks, formal training was provided by the software developer; however, there was no evidence of who received this training.	Based on Internal Audit inquiry, management provided on-going training related to departmental policies and procedures, created how to manuals and provided cross training to personnel. Training on the Cityworks software program was distributed to employees through PowerDMS as of April 6, 2021. Internal Audit did not test if training needs of personnel had been met.	08/23/2018	IMPLEMENTED
14. Permitting and Inspections personnel lack the knowledge to use Cityworks' reporting functionality effectively.					
14 / 20.3	Standard Cityworks reports should be improved and made available to ensure reliable, relevant and complete information for managing the permitting and inspections processes. In addition, reporting should be provided by subsidiary ledger for fees charged to customers which	Personnel were not proficient with the reporting functionality within Cityworks and were using a limited amount of reports within Cityworks and manually updated information for reporting purposes.	Reports were identified and created in Cityworks to include reporting by subsidiary ledger used to reconcile to the City's general ledger. Although reports were created, it is recommended to ensure the information obtained from Cityworks	10/25/2018; 8/23/2018	IMPLEMENTED

	could be used to reconcile to the City's general ledger. <i>(Information Systems Cityworks)</i>		reporting is reliable and complete.		
15. Training should be provided to customers for enhanced communications.					
15	Coordinate and develop routine customer training sessions to be held at least annually. <i>(Training)</i>	Training sessions were not being offered to customers to allow for an easier transition through the permitting and inspections process.	Training videos were available on the Department's webpage on how to use the customer portal. In addition, when a permit was issued, Cityworks automatically generated an email to the customer with information to assist in the inspection process.	08/23/2018	IMPLEMENTED
16. Permits did not reflect the current status.					
16.1	Cityworks should be configured to automatically update the status of permits as they move through the permitting and inspections process. <i>(Information Systems Cityworks)</i>	Cityworks did not have the capability to auto populate the status during the workflow and had to be manually changed. Although permits had been finalized, over 80% issued since implementation of Cityworks had a status of "ISSUED".	Based on Internal Audit inquiry, Cityworks was updated to automatically change the permit status based on codes used to result inspections and the length of time the permit has been in an issue status with no scheduled inspections.	06/26/2018	IMPLEMENTED
16.2	Written policies and procedures should include practices for closing or otherwise terminating permits that have been abandoned past a certain time threshold. <i>(Compliance)</i>	Written procedures assist both new and experienced personnel clearly understanding their responsibilities within the department and provide accountability for their work.	Internal written policies and procedures were not developed. The Department follows the North Carolina Administrative Code Title 21 that requires contractors to request final inspections.	06/26/2018	IMPLEMENTED

17. Permits were not being monitored for expiration.				
17.1	Cityworks should be configured to send a notice to the permit holder advising of the permit expiration due to lack of activity as well as automatically update the status of expired permits based on specific criteria. <i>(Information Systems Cityworks)</i>	Cityworks has the capability to automatically expire permits based on specified guidelines, but Cityworks was implemented without the function operational. This was a manual process done by Permitting and Inspections personnel. Internal Audit found evidence of expired permits that did not have a status of "EXPIRED" and had resulted inspections after the date of expiration.	Based on Internal Audit inquiry, Cityworks was configured to automatically expire permits based on the length of time the permit was opened with no scheduled inspections. Due to the potential impact, the historical permits were not expired.	08/03/2017 IMPLEMENTED
17.2	Establish controls and a process to ensure failed inspections are followed to conclusion so the permit holder and/or contractor seek and receive final approval of the project. <i>(Compliance)</i>	Failed inspections were not always re-inspected allowing the permit to expire without proper final approval. Therefore, the permit holder and property owner could not be assured of the project met the provisions of the North Carolina State Building Code.	According to the North Carolina Administrative Code Title 21, the contractor was required to request final inspections. Therefore, processes were not required for the City to ensure inspections are followed to conclusion. Although the above mentioned processes were not required for the Department, it was still recommended that management consider follow-up action on failed inspections to ensure the remediation steps necessary to pass the inspection have	08/03/2017 IMPLEMENTED

			been completed prior to the permits expiration date.		
17.3	Ensure compliance with the Fayetteville City Code Chapter 7, Building Code, Part II, Article III Enforcement, Section 7-68: Time Limitations on Validity of Permits. <i>(Compliance)</i>	Lack of monitoring for expiration increases the risk that the permitted project could be completed without the oversight of an inspection, possibly resulting in unsafe conditions.	Based on Internal Audit inquiry, Cityworks automatically generates email notifications to permit holders 30 days before permit expiration. Additionally, Cityworks was configured to automatically expire permits.	<i>08/03/2017</i>	<i>IMPLEMENTED</i>
18. Address information and Parcel Identification Numbers (PIN's) were not being verified.					
18	Develop controls within Cityworks to verify the address is located within the City limits, and the correct PIN was identified before issuance of permits. <i>(Information Systems Cityworks)</i>	Processes to verify the accuracy and validity of PIN's to addresses within Cityworks were lacking.	Based on Internal Audit inquiry, PIN information came from the County and was updated within Cityworks nightly. A process was in place for new construction PINs, and Cityworks provided a notice to the permit issuer if the permit location was outside City limits.	<i>04/27/2017</i>	<i>IMPLEMENTED</i>
19. Published Fee Schedules lacked clarity and transparency.					
19 / 26.1	Develop a process to review the Fee Schedule and make enhancements to ensure consistency and clarity among the permit applications, Fayetteville City Code and the Fee Schedule. <i>(Compliance)</i>	The fee schedule was not clear and transparent for personnel, citizens and contractors to determine the applicable fee charges without asking Permitting and Inspections personnel for clarification.	Incremental fee changes were made annually to the Fee Schedule. However, based on Internal Audit testing, 39% of a .6% sample of fees charged were determined to be exceptions based on the fiscal year ended June 30, 2020 Fee Schedule. Due to the exceptions noted, a follow-up audit on this	<i>08/23/2018</i>	<i>PARTIALLY IMPLEMENTED</i>

			finding will be included on the Fiscal Year 2021-2022 Annual Audit Plan.		
20. Cityworks was not reconciled to the general ledger.					
20.1	Develop written policies and procedures outlining the process of closing the POS register nightly and reconciliation of amounts billed/refunded in Cityworks and actual revenue posted in the general ledger. <i>(Compliance)</i>	Cityworks did not agree with the general ledger on all days reviewed due to unrecorded refunds in Cityworks and not closing the POS system nightly.	Policy #204 and Policy #43800-032 was created to provide guidance on reconciling and resetting terminals. Policy elements were not tested by Internal Audit.	08/23/2018	IMPLEMENTED
20.2	Ensure personnel were adequately trained on cash receipt procedures. <i>(Training)</i>	Cash receipt processes, to include reconciliations was not clearly understood by departmental personnel.	Based on Internal Audit inquiry, management provided on-going training related to departmental policies and procedures, created how to manuals and provided cross training to personnel. The Permitting 'how to manuals' and policies on cash receipt processes were distributed to personnel through PowerDMS as of April 6, 2021. Internal Audit did not test if training needs of personnel had been met.	08/23/2018	IMPLEMENTED
20.3	Combined under Recommendation #14				

21. Permitting and Inspections personnel did not reconcile Home Owner Recovery Funds.					
21	Based on North Carolina General Statutes 87-15.6, ensure the Homeowner Recovery Fund fees are submitted based on a reconciliation of information in Cityworks and the general ledger to the North Carolina Licensing Board on a quarterly basis. (Compliance)	A “homeowner recovery fee report” from Cityworks was not reconciled to the general ledger before processing the payment to the North Carolina Licensing Board causing an overpayment due to permit refunds.	A Home Owner Recovery Fee report was created in Cityworks which reflected refunds. Internal Audit was able to reconcile the Home Owner Recovery Fees assessed in Cityworks to the amount paid to the State for the period of July 1, 2019 to June 30, 2020.	06/26/2018	IMPLEMENTED
22. Processes and controls over refunds were inadequate.					
22.1	Annually acknowledge Cash Handling General Procedures* and develop written policy related to refund processes. (Compliance)	Instances were noted where refunds were not “paid through the regular accounts payable or petty cash process” in violation of Cash Handling General Procedures.	Policy #43800-024 was created and provided guidance on voids and refunds. Policy elements were not tested by Internal Audit. *The Finance Department no longer requires employees to sign off on the procedure yearly.	08/23/2018	IMPLEMENTED (NO LONGER APPLICABLE*)
22.2	Ensure quality reviews were completed for all <i>cash receipt processes</i> . (Quality Review & Ongoing Monitoring)	Refunds and voids were not reviewed and approved by a supervisor.	Based on Internal Audit observation, daily cash receipt reports were reviewed for accuracy and signed off by two employees, the preparer and the reviewer. In addition, based on Internal Audit inquiry and internal Policy #4380-024, voids and refunds were signed by a	08/23/2018	IMPLEMENTED

			supervisor as an indication of their approval.		
22.3	Training on processes and controls over refunds needed to be developed and performed. <i>(Training)</i>	Personnel did not seem to have a clear understanding of the difference between a void and a refund or when to use them.	Based on Internal Audit inquiry, management provided on-going training related to departmental policies and procedures, created how to manuals and provided cross training to personnel. The Permitting 'how to manuals' and policies on processes and controls over refunds were distributed to employees through PowerDMS as of April 6, 2021. Internal Audit did not test if training needs of personnel had been met.	08/23/2018	IMPLEMENTED
23. Segregation of duties was lacking for receiving and recording receipts received via mail.					
23	Processes for cash receipt duties be reassigned in order to achieve an effective separation between opening the mail and recording transactions. <i>(Compliance)</i>	Personnel indicated the permit technicians opened the mail, recorded checks received in Cityworks and POS, and endorsed the checks using the automated receipt machine.	A process was established and documented in Policy #43800-005 which included segregation of duties and guidelines around collecting, depositing, reconciling, and safeguarding checks received in the mail. Policy elements were not tested by Internal Audit.	08/23/2018	IMPLEMENTED
24. Controls over security of sensitive and confidential information were lacking.					

24	Establish a process for security of faxed information and 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> (Compliance)	Information faxed into the Department, which may contain sensitive information, were retrieved from the fax machine by personnel as time allowed. In addition, faxes remained on the fax machine until the next business day.	Based on Internal Audit inquiry, a process was established which included faxes remaining in a locked status until permit staff entered the security code.	08/23/2018	IMPLEMENTED
25. Processes and controls over permit issuance were lacking.					
25.1	Combined under Recommendation #6.2				
25.2	Appropriate inspectors reviewed all written applications as defined by NCGS and Fayetteville City Code, Chapter 7, Article III before a permit is issued, to include verifying the status of the contractor's license. (Compliance)	Permit applications were not reviewed by the appropriate inspector before issuance to ensure all requirements were satisfied.	The City Code 7-66 was updated to allow designated permitting and inspections staff member to issue permits once the application and the proposed work comply with the provisions of the chapter and the appropriate regulatory codes.	10/25/2018	IMPLEMENTED
26. Permit fees were not always calculated correctly or consistently.					
26.1	Combined under Recommendation #19				
26.2	Training should be given to Permitting and Inspections personnel to ensure understanding and adherence to policies and procedures related to the accurate and consistent application of fees. (Training)	Applications were unclear and confusing resulting in inconsistencies. In addition, some fees were being manually calculated by personnel and were not always correct or consistent.	Based on Internal Audit inquiry, management provided on-going training related to departmental policies and procedures, created how to manuals and provided cross training to personnel. The Permitting 'how to manuals' and policies on	08/23/2018	IMPLEMENTED

			<p>issuing permits and processing payments were distributed to employees through PowerDMS as of April 6, 2021.</p> <p>Internal Audit did not test if training needs of personnel had been met.</p>		
26.3	<p>Establish a quality review process related to the <i>calculation of permit fees (permit applications)</i> and consider establishing exception-based reports from Cityworks identifying unusual transactions. <i>(Quality Review & Ongoing Monitoring)</i></p>	<p>There was no review performed by personnel with necessary technical knowledge, and no control activities designed to prevent or detect errors in permit fee calculations.</p>	<p>Based on Internal Audit inquiry, quality reviews were conducted by reviewing a sample of permit applications and fees paid. Although there was no formal documentation process, Department personnel indicated errors were documented and maintained in folders. However, based on Internal Audit testing, 39% of sampled permit fees were not charged according to the fiscal year ending June 30, 2020 Fee Schedule.</p> <p>Due to COVID-19, a walk-through on the quality review process could not be completed. Internal Audit will include a follow-up on this recommendation as part of the Fiscal Year 2021-2022 Annual Audit Plan.</p>	<i>08/23/2018</i>	<i>UNABLE TO DETERMINE</i>

			On April 9, 2021 a quality control review form was subsequently provided to Internal Audit.		
27. The Permitting and Inspections Department did not verify the status of contractor's license status prior to issuing building permits.					
27	Establish and follow written procedures to ensure the validity of contractor's license. (<i>Compliance</i>)	Personnel indicated the contractor's license was checked on the applicable North Carolina website when a new contractor applied for a permit, but personnel did not check licenses every time a permit application was entered to ensure the license was still valid	Policy #43800-511 was created and provides guidance on adding a new contractor and checking for valid license information. Policy elements were not tested by Internal Audit.	08/23/2018	IMPLEMENTED
28. There was a lack of controls to prevent the issuance of duplicate permits.					
28	Develop controls within Cityworks to prevent creating duplicate permits. (<i>Information Systems Cityworks</i>)	Cityworks did not notify the user when trying to create a permit that already existed because multiple permits can be issued for the same address. There did not appear to be any mitigating controls in place to prevent the duplication.	Based on Internal Audit inquiry, Department personnel indicated a process was established to review the location for permits issued prior to issuance of additional permit. However, this control can only be used for permits issued by Departmental personnel. Cityworks software was not able to review a location prior to permit creation through the online portal. When duplications are discovered, Department personal have to issue refunds.	08/23/2018	UNABLE TO IMPLEMENT
29. Controls for backdating and resulting inspections within Cityworks were inadequate.					
29.1	Procedures should be established requiring	When inspectors reached the inspection location, they	Policy #43800-034 was created and required	08/23/2018	IMPLEMENTED

	inspectors to document within Cityworks when the inspector reaches the location and the results of the inspection before going to the next assignment. (Compliance)	were not required to note the time of day within the permit tracking system, Cityworks or an inspection log, nor were completion times required to be recorded before leaving the site to begin the next inspection.	inspectors to record inspection results immediately in the inspection software or at the nearest location they were able to do so. Policy elements were not tested by Internal Audit.		
29.2	Training should be provided to improve inspectors' documentation related to resulting inspections within Cityworks. (Training)	Inspectors have an assigned laptop and a cell phone which allows them to access City systems as well as to post the results of inspections to Cityworks.	Based on Internal Audit inquiry, management provided on-going training related to departmental policies and procedures, created how to manuals and provided cross training to personnel. Inspections policies were distributed to employees through PowerDMS as of April 6, 2021. Internal Audit did not test if training needs of personnel had been met.	08/23/2018	IMPLEMENTED
30. The practice of bypassing system controls was not prohibited, and all required inspections were not documented.					
30.1	Update workflows within Cityworks for required inspections and prohibit the practice of bypassing system controls by resulting inspections "NA" on the workflows. (Information Systems Cityworks)	Workflows were not set up to automatically populate tasks relevant to each specific type of permit, and personnel were able to add and delete tasks to permit workflows. Inspectors were able to bypass all controls.	Workflows in Cityworks were updated to include all inspections that may be required. The need to result inspections as "NA" could not be completely eliminated. Therefore, it is recommended to ensure quality reviews are conducted (see 30.2).	08/03/2017	IMPLEMENTED

30.2	Quality reviews should be conducted by management to ensure all <i>inspections</i> are completed and resulted for each type of permit on the workflow. (Quality Review & Ongoing Monitoring)	There was no reviews performed by personnel with necessary technical knowledge, and no control activities designed to prevent or detect alterations and deletions on the workflow.	<p>There were no specific quality reviews completed by management related to reviewing the workflows within Cityworks, to include the inspections resulted on the workflows as “NA”.</p> <p>On April 9, 2021 a quality control review form was subsequently provided to Internal Audit.</p> <p>Although quality reviews of inspections will help address risks, the risk of all necessary inspections not being performed cannot be fully mitigated when inspections can be resulted as “NA”.</p>	08/03/2017	NOT IMPLEMENTED
31. The Permitting and Inspections Department should establish a personnel productivity and time measurement system for the inspections function.					
31	Finding was outside of the scope of the original audit and the recommendation was not tested. Observation will be considered during annual risk assessments.				
32. Demolition projects were not inspected.					
32	Develop procedures to ensure all permitted demolition projects are inspected or permits are properly cancelled if the permitted work is not commenced. (Compliance)	Departmental responsibility related to demolition permits was unclear and the inspection process was not specified.	Policy #43800-0042 on Demolition Permits was provided for guidance on when personnel will be responsible for inspections.	10/25/2018	IMPLEMENTED

			Policy elements were not tested by Internal Audit.		
33. A final accounting for permit fees based on construction cost or square footage was not done to ensure permit fees were charged correctly.					
33.1	Develop processes to ensure square footage and construction costs are validated prior to permit issuance and again prior to issuance of the certificate of occupancy/compliance. <i>(Compliance)</i>	Personnel indicated a final accounting was not done for permit fees based on construction cost or square footage to ensure permit fees were charged correctly. In addition, the contractor/owner was not required to sign an affidavit certifying the square footage or construction costs.	Based on Internal Audit inquiry, if square footage differences are noted, the inspectors notify the permit holder to update the application prior to finalizing the permitted work. This process was not formalized into a written procedure. Elements of this process were not tested by Internal Audit.	10/25/2018	IMPLEMENTED
33.2	Training should be provided on procedures developed to ensure square footage and construction costs are validated prior to permit issuance and again prior to issuance of the certificate of occupancy/compliance. <i>(Training)</i>	Guidelines were not established to instruct when adjustments in square footage should be recorded in Cityworks or to collect/refund fees prior to issuance of the Certificate of Occupancy or Compliance	Based on Internal Audit inquiry, management provided on-going training related to departmental policies and procedures, created how to manuals and provided cross training to personnel. Process was not formalized into a written procedure. Internal Audit did not test if training needs of personnel had been met.	10/25/2018	IMPLEMENTED
34. No formal written policy existed to provide guidance when to impose a callback fee.					
34.1	Written callback policy to provide guidance and direction on how to impose callback fees should be developed and	Callback fees were imposed at the discretion of the inspector and not consistently charged.	Policy #43800-027 on Callback Fees was provided and offered guidance on assessing fees.	08/23/2018	IMPLEMENTED

	communicated to contractors/home owners. (Compliance)		Policy elements were not tested by Internal Audit.		
34.2	Training should be provided on the callback policy. (Training)	Guidelines were not established to instruct when callback fees should be assessed.	Based on Internal Audit inquiry, management provided on-going training related to departmental policies and procedures, created how to manuals and provided cross training to personnel. The callback policy was distributed to employees through PowerDMS as of April 6, 2021. Internal Audit did not test if training needs of personnel had been met.	08/23/2018	IMPLEMENTED
35. Multi trade combined inspections should be enhanced.					
35	Consider implementing multi-trade inspections process, specifically HVAC permits, to enhance scheduling flexibility, reduce drive times and improve response times. (Compliance)	Instances were noted where a final inspection was completed on one permit but not the child permit. Inspectors capable of performing multi-trade inspection limited their inspections to one trade.	Multi-trade permits and applications were created. Based on Internal Audit inquiry, multi-trade inspections were conducted when staffing levels and inspector certifications allow.	10/25/2018	IMPLEMENTED



MEMORANDUM

April 22, 2021

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 of the audit reports where all the recommendations have NOT been fully implemented¹. 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.

¹ Even though all recommendations have a status of implemented, the Accounts Payable Timeliness Audit presented to the Audit Committee on January 28, 2021 is included.

**Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2020 - 2021 (3rd Quarter)**

<u>Audit Title</u>	<u>Date Released</u>	Issued	Accepted	<u>Recommendations</u>		
				Implemented	Partially Implemented	Not Implemented
Contract Practices and Procedures A2016-06	October 2017	3	3	3	0	0
Performances Measures A2018-04	January 2019	4	4	4	0	0
PRM Nonresident Fees A2016-05	January 2019	7	7	6	0	1
Code Violation Enforcement and Collections A2019-06	August 2019	7	7	7	0	0
Residential Solid Waste Fees A2019-04	October 2019	5	5	1	3	1
Police Payroll A2020-01	August 2020					
Police Department		14	14	11	0	3
Finance Department		4	4	*	*	*
Accounts Payable Timeliness A2020-02	January 2021	5	5	5	0	0

* The implementation status was not provided.

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2020-2021 (3rd Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – April 22, 2021	Management Follow-up Response – January 28, 2021

A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation

1.1	<p>The Office of Internal Audit recommends management amend the written <i>Fayetteville-Cumberland Parks & Recreation Non-Resident Fee Policy</i> to provide clear guidance on how to accurately and consistently charge fees. This policy 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 policy to ensure only attainable and realistic requirements are included. Improvements to the policy based on Internal Audit's observations should include, but not be limited to:</p> <ol style="list-style-type: none"> a. Define the process for determining whether the resident or nonresident fee should be charged; b. Establish specific guidance on what areas, if any, of Fort Bragg should be charged the resident 	<p>Recreation and Administrative management staff will review and amend the Fayetteville-Cumberland Parks and Recreation Non-Resident Fee Policy by May 1, 2019 with training to occur in May/June and full implementation July 1, 2019. A new procedure will be implemented to define the process for staff to determine whether the resident or nonresident fees should be charged. The procedure will also include specific guidance on which fee to charge residents of Fort Bragg. During the review process we will determine if it is operationally feasible to charge nonresident fees for pool entry, Adult Open Play and other similar programs. Training will be provided to all full-time and part-time staff once the policy and procedures are updated and ready for implementation. Recreation and Administrative management will also develop a review process that will ensure that fees are being charged in accordance with the fee schedule.</p>	<p style="text-align: center;">Implemented</p> <p>This recommendation has been implemented. Implementation took place during Recreation District Meetings in the month of October 2019.</p>	<p style="text-align: center;">Implemented</p> <p>This recommendation has been implemented. Implementation took place during Recreation District Meetings in the month of October 2019.</p>
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2020-2021 (3rd Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – April 22, 2021	Management Follow-up Response – January 28, 2021

A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation

	<p>fees; and</p> <p>c. Establish specific guidance and expectations on charging swimming pool and Adult Open Play Athletic fees.</p>	<p>Responsible Party: Adrienne Thomas, Business Manager</p> <p>Implementation Date: 07/01/2019</p>		
1.2	<p>Once the policy and procedures are updated, management should provide training to PRM personnel involved in charging and monitoring of the parks and recreation program fees.</p>	<p>Recreation and Administrative management staff will review and amend the Fayetteville-Cumberland Parks and Recreation Non-Resident Fee Policy by May 1, 2019 with training to occur in May/June and full implementation July 1, 2019. A new procedure will be implemented to define the process for staff to determine whether the resident or nonresident fees should be charged. The procedure will also include specific guidance on which fee to charge residents of Fort Bragg. During the review process we will determine if it is operationally feasible to charge nonresident fees for pool entry, Adult Open Play and other similar programs. Training will be provided to all full-time and part-time staff once the policy and procedures are updated and ready for</p>	<p>Implemented</p> <p>This recommendation has been implemented. Implementation took place during Recreation District Meetings in the month of October 2019.</p>	<p>Implemented</p> <p>This recommendation has been implemented. Implementation took place during Recreation District Meetings in the month of October 2019.</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2020-2021 (3rd Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – April 22, 2021	Management Follow-up Response – January 28, 2021

A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation

		<p>implementation. Recreation and Administrative management will also develop a review process that will ensure that fees are being charged in accordance with the fee schedule.</p> <p>Responsible Party: Adrienne Thomas, Business Manager</p> <p>Implementation Date: 07/01/2019</p>		
1.3	<p>Management should develop a quality review program for the fees and conduct an adequate number of appropriate quality reviews in a timely manner. The documented results should be maintained and utilized as measures of effectiveness during performance evaluations.</p>	<p>Recreation and Administrative management staff will review and amend the Fayetteville-Cumberland Parks and Recreation Non-Resident Fee Policy by May 1, 2019 with training to occur in May/June and full implementation July 1, 2019. A new procedure will be implemented to define the process for staff to determine whether the resident or nonresident fees should be charged. The procedure will also include specific guidance on which fee to charge residents of Fort Bragg. During the review process we will determine if it is operationally feasible to charge nonresident fees</p>	Implemented	Implemented

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2020-2021 (3rd Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
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A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation

		<p>for pool entry, Adult Open Play and other similar programs. Training will be provided to all full-time and part-time staff once the policy and procedures are updated and ready for implementation. Recreation and Administrative management will also develop a review process that will ensure that fees are being charged in accordance with the fee schedule.</p> <p>Responsible Party: Adrienne Thomas, Business Manager</p> <p>Implementation Date: 07/01/2019</p>		
2	<p>The Office of Internal Audit recommends management update the existing fee schedule to provide additional transparency and clarity for City Council and citizens. This should include, but not be limited to, all fees applicable for the resident and nonresident rates, and fees for regularly scheduled programs led by PRM personnel.</p>	<p>Recreation and Administrative management staff will review the fee schedule and update to ensure transparency and clarity regarding the PRM rates and fees. This includes the fees charged for County-wide regularly scheduled programs and services will be listed on the fee schedule reflecting the appropriate fee, to include the resident and non-resident fee, if applicable. However, the fees that</p>	Implemented	Implemented
			<p>This recommendation has been implemented. The fee schedule was updated during the budget process and reflective of changes to ensure transparency and clarity. The updated fee schedule was presented to City Council for adoption and included in the FY2020 budget.</p>	<p>This recommendation has been implemented. The fee schedule was updated during the budget process and reflective of changes to ensure transparency and clarity. The updated fee schedule was presented to City Council for adoption and included in the FY2020 budget.</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2020-2021 (3rd Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
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A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation

		<p>are assigned by Recreation staff based on community interest along with the fees that are determined by contractors providing instructional programs will be reflected on the fee schedule as not applicable to the resident and non-resident fee structure.</p> <p>Recreation staff creativity and response to community needs may be stifled if every program they lead must be listed on the fee schedule separately, whereas, these fees will be identified as Leisure Activities. Parks and Recreation provides constantly changing and varying programs through 21 facilities in unique communities all over Cumberland County. In order for Parks and Recreation to include all programs on the fee schedule, as opposed to having them listed as under the Leisure Activity designation, would add hundreds of lines to the fee schedule for activities and limit the ability of staff to meet the needs of their communities</p>	<p>The FY20 Fee Schedule was implemented on July 1, 2019.</p>	<p>The FY20 Fee Schedule was implemented on July 1, 2019.</p>
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2020-2021 (3rd Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – April 22, 2021	Management Follow-up Response – January 28, 2021

A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation

		<p>without having fees approved through City Council. Many of these programs may have the same name, but are slightly different from site to site. For example, Movie Night may be a free activity at one center and another center may charge a fee because they offer the participant dinner and a movie. Another example would be summer programs offered through the park rangers division. They offer six Page 6 of 9 different summer programs for youth and teens that would all have to be listed separately because they are of varying prices. As stated in the report “when fees are not clearly stated on the fee schedule, citizens may be unaware if the correct fee was charged and it also creates the opportunity for misappropriation or theft of funds” we disagree as fees for all programs are listed on the Fayetteville-Cumberland Parks and Recreation website.</p>		
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A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation

		<p>Responsible Party: Adrienne Thomas, Business Manager</p> <p>Implementation Date: 07/01/2019</p>		
3	<p>The Office of Internal Audit recommends management amend the written <i>Fayetteville-Cumberland Parks & Recreation Non-Resident Fee Policy</i> to ensure clear guidance is provided on documentation for resident and nonresident fees. This policy 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 policy to ensure only attainable and realistic requirements are included.</p> <p>Improvements to the policy based on Internal Audit’s observations should include, but not be limited to:</p> <p style="margin-left: 20px;">a. Types of documentation</p>	<p>The policy already lists documentation that is acceptable, more clarification will be added as to what is not acceptable, frequency for updating documentation and document maintenance. Recreation and Administrative management staff will review and amend the Fayetteville-Cumberland Parks and Recreation Non-Resident Fee Policy by May 1, 2019 with training to occur in May/June and full implementation July 1, 2019.</p> <p>Responsible Party: Recreation Division Supervisor</p> <p>Implementation Date: 07/01/2019</p>	Implemented	Implemented

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A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation

	<p>considered sufficient and insufficient;</p> <p>b. Frequency for updating documentation; and</p> <p>c. Documentation maintenance, retention and destruction requirements which should ensure adherence to the security of sensitive and confidential information and the State’s retention requirements.</p>			
4.1	<p>Management should consider having RecTrac administration supervised by the Information 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 RecTrac.</p>	<p>After ensuring that Information Technology (IT) had the capacity to accommodate RecTrac administration, management will outline a transition plan over the next several weeks, to include the delineation of “administrative rights” and as identified in our response to Recommendation 4.2. Additionally, given RecTrac’s integral role in sustaining PRM operations, it is Management’s belief that dedicated technical administration is required. The creation of a RecTrac Systems Analyst in the FY21 budget would</p>	<p>Not Implemented</p> <p>We are currently in the process of updating the RecTrac software system to a new version and IT is spearheading that process.</p>	<p>Status Unknown</p>

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A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation

		<p>enhance day-to-day support/user experience, identify and resolve issues and improve process efficiencies as online transactions grow.</p> <p>Responsible Party: Michael Gibson, PRM Director and Adrienne Thomas, Business Manager</p> <p>Implementation Date: 03/01/2019</p>		
4.2	<p>Management should review RecTrac user accesses to ensure users only have access for which there is a necessary business need. This should include but not be limited to determining if a necessary business need exists for the ability to change receipt and general ledger dates, drawers, and pay codes.</p>	<p>Access will be updated for Recreation Division Supervisors to restrict access and the ability to change receipt and general ledger dates, drawers, and pay codes. This access will be updated by February 1, 2019 and remain with the Business Manager and Management Analysts only until PRM management can outline and implement a transition plan as identified in Management's Response 4.1, to include collaborating with Finance management on the impact the process changes will have on the day-to-day operations.</p>	Implemented	Implemented
			<p>This recommendation has been implemented. Access to change receipt and general ledger dates, drawers, and pay codes has been restricted to Business Manager and Management Analysts only.</p>	<p>This recommendation has been implemented. Access to change receipt and general ledger dates, drawers, and pay codes has been restricted to Business Manager and Management Analysts only.</p>

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A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation

		Responsible Party: Michael Gibson, PRM Director and Adrienne Thomas, Business Manager Implementation Date: 03/01/2019		
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A2019-04 Residential Solid Waste Fees

1.1	Solicit City Council’s support on updates necessary to the City Code of Ordinances Chapter 22, Solid Waste as it will be essential to ensure adherence to the City Code of Ordinances;	<p>Management will seek council direction regarding level/scope of solid waste services. Full implementation of ‘Recommendation #1’ is contingent upon continuation of the ‘existing’ level/scope of services within solid waste division with no significant additions such as service to multi-family units or commercial facilities.</p> <p>Responsible Party: Public Services Director</p> <p>Implementation Date: Management will seek Council support in the format of a preliminary work session presentation by April 30, 2020 and follow up ordinance updates by September 30, 2020 contingent upon continuation of the ‘existing’ level/scope of services within the solid waste division.</p>	<p style="background-color: #fff9c4;">Partially Implemented</p> <p>The City executed the contract with firm GBB on 2.15.21 to revise the Solid Waste Ordinance. GBB estimates the project duration to be approximately 13-15 weeks and will conclude on or before May 28, 2021.</p> <p>As of 4.5.21 GBB has performed the following: Task 1 – Project Kickoff & Management</p> <ul style="list-style-type: none"> • Internal GBB team organization and preparation • Sent initial data request and follow up requests • Set up distribution list and data site for sharing data • Held kickoff meeting on March 8, 2021, and issued notes of the meeting <p>Task 2 – Research and Model Ordinances</p>	<p style="background-color: #fff9c4;">Partially Implemented</p> <p>Solid Waste Management asked three consultant firms for proposals to revise the Solid Waste Ordinance by:</p> <ul style="list-style-type: none"> • Researching and presenting Model Ordinances. • Recommend Operational changes in the ordinance that will enhance solid waste services and collections. • Recommend penalties for violations through Best Practice. • Ordinance clarity – ensure the ordinance is understandable for easy compliance. <p>Purchasing is in the process of creating a GSA with GBB to revise the SW Ordinance. The estimated delivery time for the final ordinance is 13-15 weeks, approximately April 30, 2021.</p>
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A2019-04 Residential Solid Waste Fees
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			<ul style="list-style-type: none"> Reviewed data and information provided by the City Conference call with City March 23, 2021, to discuss data and gain further understanding of City services and issues Presented matrix of 10 cities for benchmarking to compare to City <p>Task 3 – Recommended Operational</p> <ul style="list-style-type: none"> Review operation data, photos, and videos sent Call on March 29, 2021, with City routing manager Call request initiated with City’s collection technology providers, FleetMind and RouteSmart, to understand current functionalities. Call Cumberland County on March 31, 2021, to ask questions about their operations and plans. 	<p>Full ordinance amendments approval is expected in June 2021.</p>
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A2019-04 Residential Solid Waste Fees

			<ul style="list-style-type: none"> • Call request initiated with Pratt Industries to understand current practices and their plans for the future <p>Task 4 – Recommend Penalties for Violations</p> <p>Task 5 – Ordinance Clarity –</p> <ul style="list-style-type: none"> • City ordinance reviewed by GBB team <p>The Assistant Director is working with GBB to produce an ordinance with an enforcement and penalties plan that is workable relevant for the City of Fayetteville.</p>	
1.2	Coordinate with the City Attorney’s office to update the City Code of Ordinances to allow solid waste services to be provided consistently and ensure the residential solid waste fees are being assessed appropriately. Any updates to the City Code of Ordinances should ensure compliance with North Carolina General Statutes.	Management will seek council direction regarding level/scope of solid waste services. Full implementation of ‘Recommendation #1’ is contingent upon continuation of the ‘existing’ level/scope of services within solid waste division with no significant additions such as service to multi-family units or commercial facilities.	<p>Partially Implemented</p> <p>See response for 1.1</p>	<p>Partially Implemented</p> <p>Solid Waste Management asked three consultant firms for proposals to revise the Solid Waste Ordinance by:</p> <ul style="list-style-type: none"> • Researching and presenting Model Ordinances. • Recommend Operational changes in the ordinance that will enhance

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A2019-04 Residential Solid Waste Fees

		<p>Responsible Party: Public Services Director</p> <p>Implementation Date: Management will seek Council support in the format of a preliminary work session presentation by April 30, 2020 and follow up ordinance updates by September 30, 2020 contingent upon continuation of the ‘existing’ level/scope of services within the solid waste division.</p>		<p>solid waste services and collections.</p> <ul style="list-style-type: none"> • Recommend penalties for violations through Best Practice. • Ordinance clarity – ensure the ordinance is understandable for easy compliance. <p>Purchasing is in the process of creating a GSA with GBB to revise the SW Ordinance. The estimated delivery time for the final ordinance is 13-15 weeks, approximately April 30, 2021. Full ordinance amendments approval is expected in June 2021.</p>
2.1	Update the customer addresses in Fleetmind consistent with current routes.	Management concurs with recommendations to update the customer address in Fleetmind consistent with the current routes and existing level of service. Services will be field verified and updated into Fleetmind one record at a time.	<p>Implemented</p> <p>The initial upload for Fleetmind of residential household & yard waste customers is completed. The total number uploaded were 627 customers with both HH & YW services to total 1258</p>	<p>Implemented</p> <p>The initial upload for Fleetmind of residential household & yard waste customers is completed. The total number uploaded were 627 customers with both HH & YW services to total 1258</p>

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A2019-04 Residential Solid Waste Fees

		<p>Responsible Party: Public Services Director</p> <p>Implementation Date: Public Services Solid Waste Division will update the customer address in FleetMind consistent with the current routes and existing level of service by March 31, 2020.</p>	<p>records uploaded. This was completed January 17, 2020.</p> <p>Staff is working on a comprehensive overhaul of the records which is now expected to be completed the end of April 2021.</p>	<p>records uploaded. This was completed January 17, 2020.</p> <p>Staff is working on a comprehensive overhaul of the records which is expected to be completed March 2021.</p>
2.2	Develop a process to add, activate and inactivate addresses in Fleetmind as needed to maintain current, accurate, valid data.	Management concurs with the need to develop a process to add, activate and inactivate addresses in Fleetmind to maintain a current, accurate, and valid data base. However this process is contingent upon the outcomes of ‘Recommendation #1’. Further, full implementation of these processes involves compliance and cooperation from entities outside the direct control and influence of the Solid Waste Division such as CoF’s Planning Division, Cumberland County and FleetMind Vendor. Implementation dates provided below are for those activities that are within the direct control and influence of the Solid Waste	<p>Partially Implemented</p> <p>Working with Fleetmind and staff on how to update the current database Fleetmind uses for addresses, Fleetmind realized the server used for SW was outdated. IT assisted in the upgrading process of the server, finishing all updates in February. This upgrade means that once SW receives the updated CAMA data by the end of April 2021, we will send the upload to Fleetmind as a batch upload versus the former way of changing information in Fleetmind one resident at a time. The update is working well so</p>	<p>Partially Implemented</p> <p>Solid Waste continues to explore options on how to update the current data base that Fleetmind uses for addresses. This step is necessary to help develop a ‘process’ to add, activate and inactivate addresses in Fleetmind to maintain a current, accurate, and valid data base. Further --full implementation is contingent upon “Recommendation #1.”</p> <p>Partially Implemented</p> <p>Solid Waste has received the updated CAMA data from</p>

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A2019-04 Residential Solid Waste Fees

		<p>Division as well as what can be accomplished within Council appropriated budgetary limits.</p> <p>Responsible Party: Public Services Director</p> <p>Implementation Date: Public Services Solid Waste Division will develop a process to add, activate and inactivate addresses in Fleetmind to maintain a current, accurate, and valid data base by June 30, 2022 contingent upon management responses.</p>	<p>far. The Assistant to the Manager assists in vetting the CAMA/Fleetmind data for accuracy with a completion date of April 2021.</p> <p>Partially Implemented</p> <p>Upon completing "Recommendation 1," SW will vet the Fleetmind data to align with any ordinance revisions if needed.</p>	<p>County and is vetting the data, which is expected to be completed in February 2021. Fleetmind data will still need to be updated upon "Recommendation 1", and once the new tax levy is available and the data has been vetted.</p>
2.3	Develop comprehensive written policies and procedures to maintain Fleetmind data integrity, once the processes are established.	<p>Management concurs with the need to develop comprehensive written policies and procedures to maintain Fleetmind data integrity. However this process is contingent upon the outcomes of 'Recommendation #1'. Further, full implementation of these processes involves compliance and cooperation from entities outside the direct control and influence of the Solid Waste Division such as CoF's Planning Division, Cumberland County and FleetMind Vendor.</p>	<p>Not Implemented</p> <p>Solid Waste Management will begin writing policies and procedures to maintain data integrity for Fleetmind once the Solid Waste Ordinance is updated.</p>	<p>Not Implemented</p> <p>Solid Waste Management will begin writing policies and procedures to maintain data integrity for Fleetmind once the Solid Waste Ordinance has been updated.</p>

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A2019-04 Residential Solid Waste Fees

		<p>Implementation dates provided below are for those activities that are within the direct control and influence of the Solid Waste Division as well as what can be accomplished within Council appropriated budgetary limits.</p> <p>Responsible Party: Public Services Director</p> <p>Implementation Date: Public Services Solid Waste Division will develop comprehensive written policies and procedures to maintain Fleetmind data integrity by June 30, 2022 contingent upon management responses.</p>		
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A2020-01 Police Department Payroll Audit: Police Department

1	<p>The Office of Internal Audit recommends the Police Department, to include E-911, consult with the Finance Department on streamlining the manual timekeeping and payroll processes, to include eliminating the summary sheets and use timecards to enter the time and attendance into JD Edwards, with the end goal of moving towards implementing an automated time and attendance system.</p>	<p>Management worked with the Finance Department and obtained an updated timecard and proposed training to be provided to the police department by the end of August 2020. Management agreed with the streamlined process for payroll and the importance of accountability and oversight needed to ensure accurate and timekeeping of personnel. Management has direct the payroll technician to enter the time into JD Edwards from the employee’s timecard but will continue to have supervisory personnel complete a summary sheet based. The completion of the summary sheet is also aligned with the recommendations from the Finance Department and the Audit Department to having a checklist of multiple items for supervisors to review on the timecards prior to being submitted for entry into JD Edwards. The ultimate goal of having minimal errors and within the timeline needed for the Finance Department to process payroll. The</p>	<p>Implemented – 9/1/2020</p> <p>The department is in compliance with entering time from timesheets but still submit a summary sheet. Now working with Kronos time entry also.</p>	<p>Implemented – 9/1/2020</p> <p>The department is in compliance with entering time from timesheets but still submit a summary sheet. Now working with Kronos time entry also.</p>
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A2020-01 Police Department Payroll Audit: Police Department

		<p>city has started the implementation of the automated time and attendance system for the police department and this has a starting timeline of September 2020.</p> <p>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 9/1/2020</p>		
2.1	Require employee and supervisor signatures, and dates signed on all timekeeping forms, to include E-911.	<p>The Finance Department created an updated timecard and training should be implemented by the end of August 2020.</p> <p>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 9/1/2020</p>	Implemented – 9/1/2020	Implemented – 9/1/2020
2.2	Consult with the Finance Department to create department-wide standardized timekeeping forms that at a minimum capture all time worked to include court time, compensatory time and overtime earned, scheduled hours and leave taken, to include E-911. This change will ensure consistency of	<p>The Finance Department created an updated timecard and training should be implemented by the end of August 2020.</p> <p>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 9/1/2020</p>	Implemented – 9/1/2020	Implemented – 9/1/2020

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A2020-01 Police Department Payroll Audit: Police Department

	documentation supporting timekeeping within the department. If the department deviates from approved standardized timekeeping forms, authorization should be obtained from the Finance Department.			
3.1	Require timecards be submitted only after all hours have been worked for the pay period.	Management changed the submission due dates of all timecards in the first quarter of 2020 when issues were presented. Although there may be more corrections due to call-in or incidents when personnel have to come in after the time has been forwarded to the payroll technician, every effort will be made to submit time and not project time. The police department has been working with the I.T. Department and the Finance Department on the implementation of the automated time and attendance system in order to make this recommendation work efficiently. Responsible Party: Chief Gina V. Hawkins	Implemented – 9/1//2020	Implemented – 9/1//2020

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A2020-01 Police Department Payroll Audit: Police Department

		Implementation Date: 9/1/2020		
3.2	Coordinate with the Finance Department to implement a process that will ensure FLSA 207 (k) overtime is paid correctly for all prior period work hours.	<p>Management has coordinated with the Finance Department and the Finance Department has advised they are working on implementing a process to ensure corrections for prior period work are accurate and in accordance with the 207 (k) rule. The police department is unable to ensure the FLSA 207 (k) is implement but have already discussed this with Finance.</p> <p>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 9/1/2020</p>	Implemented – 9/1/2020	Implemented – 9/1/2020
4	The Police Department, to include E-911, should ensure a qualified independent employee, with a complete understanding of payroll, consistently review, every payroll period, all JD Edward payroll authorization reports back to the source documents (timecards) before payroll is submitted to the Finance Department Payroll	The department has existing personnel which have been trained and will continue to be trained on all aspects of FLSA and the City of Fayetteville Payroll Process as it is changing. The department will also ensure the supervisory staff receive training on the existing topics which has not been provided in the past. Management believe errors stem	Implemented – 9/1/2020	Implemented – 9/1/2020

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A2020-01 Police Department Payroll Audit: Police Department

	<p>Division for processing. Operating Procedure 10.2 Personnel and Payroll should be updated accordingly.</p>	<p>from education of all staff and will first have to depend on the training from Finance before we can determine who the secondary “independent” employee with all the qualifications listed above will be. The other issue with the recommendation is the ability to have the review completed “before payroll is submitted to the Finance Department Payroll Division for processing” will not provide the payroll technician the needed time to enter from the actual 600 timecards approximately within the allotted deadline for the Finance Department. The operational time needed for entries already required between 10-12 hours of data entry. The department will update our operating procedures after all changes once we have received the approved timecards and processes from the Finance Department on procedures and documented processes which will be made.</p>		
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A2020-01 Police Department Payroll Audit: Police Department

		<p>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 9/1/2020</p>		
5.1	Establish a central recordkeeping location for all payroll related records and identify departmental position(s) responsible to ensure payroll records are complete and archived.	<p>Management concurs with item #1 and have already uploaded previous years and template the timesheets into Laserfiche. This process is being completed after all time has been entered for a pay period but before the next pay period starts by Office Assistants.</p> <p>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 10/1/2020</p>	<p>Implemented – 10/1/2020</p> <p>All prior timecards have been archived, template and laserfiche into the system.</p>	<p>Implemented – 10/1/2020</p> <p>All prior timecards have been archived, template and laserfiche into the system.</p>
5.2	Review all current written departmental operating procedures related to Personnel and Payroll with the Human Resource Development Department and the City Attorney’s Office to ensure compliance with the FLSA.	For Item #2, Management will have the Police Attorney review all operating procedures related to payroll once the Finance Department has completed the updated timecards and their procedures and documented processes and ensure they align with the City of Fayetteville Policies. We will then provide the information for	<p>Not Implemented</p> <p>City Attorney still reviewing all policies to ensure they are FLSA Compliant now and when we transition into Kronos. The department has been in constant communication with Payroll and the I.T. Department regarding issues with timecards and</p>	<p>Not Implemented</p> <p>City Attorney still reviewing all policies to ensure they are FLSA Compliant now and when we transition into Kronos. The department has been in constant communication with Payroll and the I.T. Department regarding issues with timecards and</p>

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A2020-01 Police Department Payroll Audit: Police Department

		Human Resource Development Department for review. Responsible Party: Chief Gina V. Hawkins Implementation Date: 10/1/2020	calculations in order to be FLSA Compliant. Still working with others and in consultation to ensure correct verbiage is in place. Revised Implementation Date: 07/01/2021	calculations in order to be FLSA Compliant. Still working on. Revised Implementation Date: 03/01/2021
5.3	Document an approval process for overtime within the departmental operating procedures, to include a consideration for equitable treatment of overtime.	Management will consult with the City Manager and Human Resources regarding items #3 and #4 in order to determine if this recommendation should be a part of the City Policy in order to ensure equitable treatment of overtime, even though the sworn personnel is on the 7(k) Rule. There may be an infinite number of scenarios in which working over a prescheduled day could apply and not be considered overtime. Based on the previous response with training on FLSA 207 (k) and other FLSA to supervisory staff, the existing FLSA 207 (K) rule is clear and covers all situations when someone can be paid compensatory time versus overtime and does not	Not Implemented Department will have this reviewed with the policies being reviewed by the City Attorney’s office in order to be a part of the operating procedures. Still in consultation with all departments. Revised Implementation Date: 07/01/2021	Not Implemented Department will have this reviewed with the policies being reviewed by the City Attorney’s office in order to be a part of the operating procedures. Still working on. Revised Implementation Date: 03/01/2021

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		<p>need to be included in departmental operational procedures.</p> <p>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 10/1/2020</p>		
5.4	<p>Update departmental operating procedures to align with current practices, to include criteria for when overtime is allowed versus earning compensatory time.</p>	<p>Management will consult with the City Manager and Human Resources regarding items #3 and #4 in order to determine if this recommendation should be a part of the City Policy in order to ensure equitable treatment of overtime, even though the sworn personnel is on the 7(k) Rule. There may be an infinite number of scenarios in which working over a prescheduled day could apply and not be considered overtime. Based on the previous response with training on FLSA 207 (k) and other FLSA to supervisory staff, the existing FLSA 207 (K) rule is clear and covers all situations when someone can be paid compensatory time versus overtime and does not need to be included in departmental operational procedures.</p>	<p>Not Implemented</p> <p>Department will have this reviewed with the policies being reviewed by the City Attorney’s office in order to be a part of the operating procedures.</p> <p>Still working on this. .</p> <p>Revised Implementation Date:07/01/2021</p>	<p>Not Implemented</p> <p>Department will have this reviewed with the policies being reviewed by the City Attorney’s office in order to be a part of the operating procedures.</p> <p>Still working on.</p> <p>Revised Implementation Date:03/01/2021</p>

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A2020-01 Police Department Payroll Audit: Police Department

		<p>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 10/1/2020</p>		
6.1	<p>Management consider creating and hiring an accounting manager position with the expertise in business processes and internal controls to oversee the Personnel Technician position and assist in developing, implementing and evaluating the necessary payroll controls to improve efficiency and ensure compliance with applicable guidelines. Although additional personnel is costly, the City could be fined for FLSA violations and due to the Department’s payroll expenditures for Fiscal year ending 2019 of \$40.1 million, the fines could be costly.</p>	<p>The police department has submitted a new initiative for a position which will cover more than just the recommendation listed as an accounting manager but cannot control if this position will be approved. The position will ensure the business aspect of the police department has continuity for long term overall efficiency.</p> <p>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 12/1/2020</p>	Implemented 03/01/2021	<p style="color: red;">Partially Implemented</p> <p style="color: red;">Position was approved and department in the hiring process for this position.</p> <p style="color: red;">New Hire should start by 03/01/2021.</p> <p style="color: red;">Revised Implementation Date: 03/01/2021</p>
6.2	<p>Management needs to ensure the Personnel Technician and an alternate employee are thoroughly trained and have a clear understanding of all applicable guidelines.</p>	<p>Management has requested Finance provide training for any and all employees who have access to JDE before the receive approval rights into the system. Once this training has occurred management will</p>	Implemented 03/01/2021	<p style="color: red;">Partially Implemented</p> <p style="color: red;">Department has begun cross training another employee in the department on duties.</p>

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Fiscal Year 2020-2021 (3rd Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – April 22, 2021	Management Follow-up Response – January 28, 2021

A2020-01 Police Department Payroll Audit: Police Department

		<p>determine who would be the possible alternate employee. This training should include a documented manual for the training for the employee to reference.</p> <p>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 12/1/2020</p>		<p>Department will also be hiring a new Administrative Manager to assist with this.</p> <p>Implementation Date: 03/01/2021</p>
7	<p>The Office of Internal Audit recommends management collaborate with the Finance Department on the current timekeeping and payroll processes to improve the efficiency which should reduce the errors of employee wages and ensure hours worked are accurately and consistently documented in JD Edwards as reflected on timecards. However, time worked for non-exempt/non-sworn personnel should be maintained on weekly timecards and entered on a 1-week basis.</p>	<p>As previously mentioned Finance created updated timecard and will be providing training. Management does not agree with non-sworn timecards entering time on a 1 week basis. The supervisory staff who will be approving the timecards will be trained on the process and will need a consistent training manual to review for all personnel. The updated timecards provided by Finance calculate time appropriately based on sworn or non-sworn personnel. The automated system will also have time submitted for on a bi-weekly basis for approval.</p>	<p>Implemented 03/01/2021</p> <p>Since transitioning to FayPay, this recommendation has been resolved.</p>	<p>Partially Implemented - 9/1/2020</p> <p>As previously mentioned.</p>

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A2020-01 Police Department Payroll Audit: Police Department

		<p>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 9/1/2020</p>		
8	<p>The Office of Internal Audit recommends the Police Department, to include E-911, consult with the Human Resources Department on a formal leave request process to ensure leave time is reported. Although an automated time and attendance is being implemented, consequences for non-compliance should be clearly defined in written departmental operating procedures.</p>	<p>Management will consult with the Human Resource Department to obtain how all other City of Fayetteville departments which are not on an automated system submit their formal leave request. In the meantime the department has already created a formal leave request form and ensure it is included in the department’s operational process and coincides with City Policy.</p> <p>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 6/1/2020</p>	Implemented	Implemented

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A2020-01 Police Department Payroll Audit: Finance Department

6.1	Management should coordinate with the Human Resource Development Department to develop comprehensive timekeeping and payroll training. The training should include applicable FLSA regulations, City policy and procedure manuals, and how to process time and attendance for payroll purposes.	It should be the priority of the City to provide up-to-date and timely training especially in payroll processing. Training will help ensure best practices and procedures. Responsible Party: Jay Toland, Chief Financial Officer Implementation Date: 12/1/2020	Payroll and HRD (OD&T) discussed the training. We are currently in the process of developing training and delivery strategies for the new ERP and Kronos platform upgrade. The training will be updated with the ERP and Kronos projects.	Implemented OD&T and Finance met 1.15.2021 and drafted a comprehensive timekeeping and payroll training. Training will be disbursed/deployed no later than 3.1.22
6.2	Management should ensure all payroll preparer and reviewers take training developed prior to assuming the respective duties and should be required to take a refresher training annually.	Finance will work with the departments as new payroll preparers are brought on-line to ensure the preparers have initial training. Furthermore a refresher course will be created and disseminated in an efficient manner. Responsible Party: Jay Toland, Chief Financial Officer Implementation Date: 12/1/2020	All time and resources are currently allocated to several major projects (Public Safety Kronos implementation, Kronos Platform upgrade to Dimensions, ERP Implementation-Oracle). A new refresher course will be implemented with ERP project and Kronos platform upgrade.	Not Implemented Training will be released through POWERDMS and/or in person/zoom (with a sign-in sheet) to create a system of record for training.
6.3	Management should coordinate with the Human Resources Development Department to provide the Police Department training on timekeeping and FLSA	Finance will collaborate with HRD to provide training on timekeeping and FLSA 207 (k) overtime and an on-boarding process to train new employees.	Payroll and HRD (OD&T) discussed the training. We are currently in the process of developing training and delivery	Implemented OD&T and Finance met 1.15.2021 and drafted a comprehensive training on

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	207 (k) overtime. Training for new employees should be a part of on-boarding and provided by a qualified employee.	Responsible Party: Jay Toland, Chief Financial Officer Implementation Date: 12/1/2020	strategies for the new ERP. The training will be updated with process changes with the ERP project and Kronos platform upgrade.	timekeeping and FLSA 207 (k) overtime. Training for new employees shall be a part of on-boarding and provided by a qualified employee. Training will be deployed/dispensed no later than 3.1.21.
6.4	Management should designate funding for the payroll supervisor to obtain a Payroll Certification and allow the payroll supervisor to obtain this certification.	Finance will look at the budgeting process to earmark funds for certification. Responsible Party: Jay Toland, Chief Financial Officer Implementation Date: 12/1/2020	Implemented Finance has earmarked appropriate funds.	Implemented Budget has been requested for certification from the American Payroll Association.

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A2020-02 Accounts Payable Timeliness Audit

1.1	Establish and monitor policies and key performance indicators (KPI) for the timely payment of invoices.	<p>Management will define timely payment of invoices as 75 days from invoice date. We recognize that Net 30 is widely considered standard payment terms but due to decentralized operations, we will work toward Net 30 as a future aspirational goal. Policies will be updated to reflect the 75 day period and a 75 day KPI will be launched to measure performance. The KPI will be measured monthly to ensure invoice payments are in line with goals and to identify areas of improvement.</p> <p>Responsible Party: 1) Christine Pressley, AP Supervisor 2) Jay Toland, CFO</p> <p>Implementation Date: 4/1/2021</p>	<p>Implemented</p> <p>Finance has updated the Accounts Payable Standard Operating Procedures document defining timely payment of invoices as 75 days from invoice date. A new KPI has been developed for measuring performance of the policy on a monthly basis. The revised procedures have been reviewed by Finance and submitted to departmental Accounts Payable staff.</p>	Not Applicable – Audit report presented at January 28, 2021 Audit Committee meeting.
1.2	Modify or create a process for streamlining the receiving of invoices within individual departments in order to expedite vendor payments.	Accounts payable is a decentralized operation and Finance has limited control. However, we will use our authority to lead an effort for streamlining the receiving of invoices and improving the timeliness of vendor payments.	<p>Implemented</p> <p>Accounts Payable personnel in Finance met with departmental staff to consider new initiatives and processes as a result of the Accounts Payable Timeliness</p>	Not Applicable – Audit report presented at January 28, 2021 Audit Committee meeting.

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		<p>Finance staff will resume enhanced departmental training following the pandemic. Training will highlight review of policy, policy updates and the importance of monitoring policy for compliance. Procedural reviews and a general reevaluation of the accounts payable process will be initiated. To ensure clarity we will discuss and determine accountability and responsibility for each task in the accounts payable process. Training will include a demonstration of established KPIs in real-time to validate the effectiveness of the department's efforts. Our goal is to encourage and promote a culture of appreciation and compliance with policies and procedures that will effectively improve the payment process.</p> <p>Responsible Party: 1) Christine Pressley, AP Supervisor 2) Jay Toland, CFO</p> <p>Implementation Date: 4/1/2021</p>	<p>Audit. A major topic was timeliness in payment of invoices and developing an effective strategy for successfully achieving the stated goal of paying invoices within 75 days of invoice date. During the open discussion, ideas were offered on process, methods, policy and accountability. Departmental staff participating in the meeting understood the objective and some appeared supportive of the proposed initiatives outlined for reaching the goal. Finance will continue training and conducting procedural reviews with a purpose of encouraging participation and promoting compliance for success in reaching and maintaining the 75 day goal.</p>	
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1.3	Communicate all requirements and implementation methods to ensure compliance.	<p>Management will communicate requirements and implementation methods by issuing updated policies, offering in-depth and all-inclusive training and through direct communication with departmental staff and management.</p> <p>Responsible Party: Christine Pressley, AP Supervisor 2) Jay Toland, CFO</p> <p>Implementation Date: 4/1/2021</p>	<p>Implemented</p> <p>As stated, Accounts Payable Standard Operating Procedures have been updated and recently sent to Accounts Payable personnel at the departmental level. Open communication and discussions continued with the same group during a recent meeting to address new initiatives and policy updates based on the Accounts Payable Timeliness Audit. Finance will continue to lead the effort in achieving the 75 day invoice payment goal. We will be transparent and prompt in communicating updates on policy, procedures, personnel, accountability and expectations.</p>	Not Applicable – Audit report presented at January 28, 2021 Audit Committee meeting.
2.1	Procedures in the Finance Department should be implemented to require an independent review of ACH payments after the information is uploaded and sent to the financial institution for payment.	A process is currently in place for independent review and matching of printed checks to system generated reports and source documents prior to mailing. The ACH payment review will be an addition to this	<p>Implemented</p> <p>An ACH payment review step has been added to the weekly independent matching and certification of printed checks to source documents. A person</p>	Not Applicable – Audit report presented at January 28, 2021 Audit Committee meeting.

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		<p>process in order to comply with and improve internal control.</p> <p>Responsible Party: 1) Christine Pressley, AP Supervisor 2) Jay Toland, CFO</p> <p>Implementation Date: 3/1/2021</p>	<p>independent of uploading and transmitting payments to the bank is responsible for verifying checks and validating the authenticity of ACH payments.</p>	
2.2	<p>Personnel in the Finance Department, Accounts Payable Division should each have a unique token code for the financial institution when processing ACH payments.</p>	<p>Additional tokens have been ordered and employees will be assigned a unique token for creating unique authentication credentials. System access will be granted based on assigned roles.</p> <p>Responsible Party: 1) Christine Pressley, AP Supervisor 2) Jay Toland, CFO</p> <p>Implementation Date: 3/1/2021</p>	<p>Implemented</p> <p>Accounts Payable personnel in the Finance Department were assigned unique access tokens for processing specific on-line Cash Management and ACH transactions.</p>	<p>Not Applicable – Audit report presented at January 28, 2021 Audit Committee meeting.</p>