



Audit Committee Meeting
January 27, 2022 @ 3:00pm
Virtual Meeting
Via Zoom

AGENDA

1. Call to Order
2. Approval of Agenda
3. Approval of Meeting Minutes
4. Follow-up on Motion Referred to City Council at the November 18th, 2021 Audit Committee Meeting. *(Requested by: Councilmember Kinston)*
5. Internal Audit Activities *(Presented by Internal Audit staff)*:
 - a. Fire Kronos Implementation Audit (A2022-01)
6. Management Reports *(Presented by Internal Audit staff)*:
 - a. Quarterly Management Implementation Status Report
7. Adjournment

Attachments:

- a) Draft Meeting Minutes – November 18, 2021
- b) Fire Kronos Implementation Audit Report (A2022-01)
- c) Quarterly Management Implementation Status Report 2nd Quarter FYE22

AUDIT COMMITTEE MEETING
November 18, 2021 @ 3:00 PM
Virtual Meeting

Council Members Present: CM Johnny Dawkins, Chair
CM Yvonne Kinston

Council Member Not Present: CM Larry Wright

Staff Present: Doug Hewett, City Manager
Jay Toland, Assistant City Manager
Telly Whitfield, Assistant City Manager
Elizabeth Somerindyke, Internal Audit Director
Ms. Rose Rasmussen, Internal Audit Staff
Ms. Amanda Rich, Internal Audit Staff
Dwayne Campbell, Chief Information Officer
Willie Johnson, Assistant Chief Information Officer
Assistant Chief James Nolette, Fayetteville Police Department
Major Robert Spatorico, Fayetteville Police Department
Lachelle P, Assistant City Attorney
Jody Picarella, Accounting Manager
Kim Toon, Purchasing Manager
Brittany McLaurin, Financial Reporting Manager
Andrea Tebbe, Executive Assistant to the City Council
Elizabeth Morin, Senior Administrative Assistant

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

Others Present: Robbie Bittner, PBMares
Linda Murphy, PBMares
Amelia Necco, PBMares

1. Call to Order

- CM Dawkins called meeting to order at 3:00 PM

2. Approval of Agenda

MOTION: Ms. Amy Samperton moved to approve agenda

SECOND: CM Kinston

VOTE: Unanimous (4-0)

3. Approval of Minutes

MOTION: Ms. Amy Samperton moved to approve minutes from the August 5, 2021 Meeting

SECOND: CM Kinston

VOTE: UNANIMOUS (4-0)

4. Fiscal Year Ended June 30, 2021 Comprehensive Annual Report and Audit Results – Presented by Mr. Robbie Bittner III, CPA, MBA, PBMares

Please see copy of attached print out of PowerPoint

Thank you on behalf of PBMares.

Components of the Annual Comprehensive Financial Report (ACFR) include:

- Management Discussion and Analysis- breakdown year to year comparisons of very high level
- Government-wide f/s- high level, all governmental activities
- Fund F/S-funds statements-, all business actives, major fund statements, general fund statements, grants funds statements, major enterprise funds statements
- Notes to the F/S- details of financial statements
- Required supplemental financial data required items that must be presented
- Oher supplemental data
- Statistical data
- Compliance

This is a draft, due to a glitch the report has not been finalized but PBMares anticipated final report November 19, 2021

There are 4 types of opinions

Adverse- financial statements not fairly presented

Disclaim- not enough information provided

Qualified- only 1 part not qualified

Unmodified- Clean report

General fund revenues report breaks down the City revenues by property tax and sales tax revenue. The trend is following the same as the past several years with an increase in grants due to COVID.

The tax rate for the year ended in June 30, 2021 is comparative to cities of similar size

Tax rate did not change this year and COF is in line with similar size cities.

Property tax collected dipped .3% on 2020 but rebounded back in 2021. Difference are related to OCVID Pandemic

Collections for COF are better than similar size cities

Expenditures- COF expenditures are Public Safety dominant (55%). This is consistent with the past 5 years

Fund Balance- there has been a consistent uptick in the amount.

Fund Balance- PBMares provided a breakdown of fund balance

For inventories	87,105
For prepaids	1,960,985
Restricted	
Stabilization by State Statue	25,411,219
For Central Business Tax District	113,843
For Cumberland County Recreation District	2,936,978
For Economic and Community Development	9,572
For donations	15,319
For Lake Valley Drive MSD	913
Committed	
Law Enforcement Officers' Special Separation Allowance	7,250,083
Assigned	
For subsequent year's expenditure	12,687,857
For special purpose assignments	8,898,451
For capital funding plan	10,142,762
Unassigned	23,573,783
Total fund balance	<u>\$ 93,088,870</u>

Discussion ensued

Legal Debt Margin- this is State's limit of allowed debt. COF is under the allowed limit.

Assessed Value	\$ 14,372,645,913
Debt Limit (8% of total assessed value)	1,149,811,673
Debt applicable to limit:	
Bonded debt	15,905,000
Limited obligation bonds	47,740,000
Capitalized Leases	26,739,954
Unamortized Premium	<u>2,175,832</u>
Subtotal	92,560,786
Authorized unissued debt	19,000,000
Total gross debt	111,560,786
Less: Statutory deductions	
Bonds authorized but unissued - Parks and Recreation Bonds	(19,000,000)
Total debt applicable to limit	92,560,786
Legal debt margin	\$ 1,057,250,887
Population	208,501
Legal debt margin - per capita	5,058

A breakdown of peer cities and COF was provided.

Municipalities (Population 100,000 and Over)	Legal Debt Limit (8% of Assessed Value)	Total Outstanding G.O.B and I.P Debt (Excluding Enterprise)	Outstanding Debt as a % of Legal Debt Limit
Cary	\$ 2,227,066	\$ 128,024	5.75%
Durham	2,889,138	216,431	7.49%
Fayetteville	1,128,997	29,179	2.58%
Greensboro	2,261,785	322,845	14.27%
High Point	787,864	72,891	9.25%
Wilmington	1,248,276	136,522	10.94%
Winston-Salem	1,836,499	235,657	12.83%

Compliance Results for the Year ended June 30, 2021

Other reports are issued along with the financial statements

Yellow Book report- Government Auditing Standards- report any non-compliance or fraud waste or abuse, inconsistencies or weaknesses

Opinion on COF Compliance Federal Single Audit Act

Opinion on State Single Audit Implementation Act and

Passenger Facilities Charges- fairness on charges from Airport revenues

Major Programs Tested

- Major Federal Programs tested:
 - Drinking Water State Revolving Fund– Federal Assistance Listing #66.458
 - Coronavirus Aid, Relief, and Economic Security Act – Federal Assistance Listing #21.019
 - Federal Transit Grant– Federal Assistance Listing #20.500/20.507
 - Highway Planning and Construction- Federal Assistance Listing #20.205
 - Airport Improvement Program- Federal Assistance Listing #20.106
- Major State Programs tested:
 - Nonstate System Street Aid Allocation (Powell Bill)

There are different levels of defiance

- Control Deficiency- a control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.
- Significant Control Deficiency- a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance
- Material Weakness- a significant deficiency, or combination of significant deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis

In 2021; City of Fayetteville- No material weaknesses or significant deficiencies found. A letter will be issued per required communication standards. Letter will detail procedures and findings of PBMares.

MOTION: Mr. Ron O'Brien moved that Audit Committee accept the Audit Report from PBMares

SECOND: Ms. Amy Samperton

VOTE: UNANIMOUS (4-0)

Mr. Toland stated the next steps is for this report to go before Council now report has been finalized. Thank you to Mr. Hewett, Jodi Picarella, Brittany McLaurin, Kim Toon and SLT. The report is almost perfect and wanted to acknowledge the findings and staff support.

CM Dawkins requested this report be sent to all Audit Committee and City Council

5. Internal Audit Activities- Presented by Internal Audit Staff

- a. Police Department Confidential Funds (A2021-01)
- b. Vector- Fleet Contract (2020-04)
- c. Annual Audit Plan FY22

Police Department Confidential Funds

Background

- The Police Department's Vice Investigative Division administered & controlled an informant and expenditure cash fund used in covert operations.
- Budget was \$100,000 per fiscal year.

Scope

- Covered the period of December 1, 2019 through June 30, 2021;
- Sampled 7 (26%) of 27 personnel the utilized and maintained confidential funds; and Reviewed 201 expenditures totaling \$106,398

Internal Audit determined- Confidential Funds were administered in accordance with established procedures, Internal controls were satisfactory and no significant expectations noted.

Outstanding Audit Recommendations- from prior year Audits

- FY 2016 Recommendations
 - RMS disposal records did not provide adequate documentation
 - Management response was to update Operation Procedure
 - Not Implemented
- FY 2018 Recommendation
 - Documentation of review and timely reporting were lacking
 - Management response was to update Operation Procedure 5.8
 - Not implemented
- **PD has reported they have updated Operation Procedure and are reporting these as implemented.**

Questions

Why the dates on the Audit Report? Due to COVID Audit Department started at a later date and encompassed larger time period.

Are additional funds needed? Yes, typically department tried to budget but it can and has conflicted with Operational ability due to funds.

CM Dawkins will speak with CFO and City Manager to discuss more funds.

Is there a way to have a contingency funds available to have funds available? Needs more information- amount and timeframe. Will look to PD for advisement and information.

MOTION: Mr. Ron O'Brien moved to accept the Confidential Funds Audit

SECOND: Ms. Amy Samperton

VOTE: UNANIMOUS (4-0)

Vector Fleet Contract Audit

Background

- Contracted with Vector Fleet Mgt for 10 years, effective July 1, 2019;
- Goal to reduce overall fleet costs, improve availability, increase efficiency and reduce capital costs;
- Provide fleet mgt and maintenance to over 1,300 vehicles and equipment;
- Repairs could be subcontracted when cost savings or time constraints existed;
- Contract established a target and non-target cost model; and
- Target/non-target status established through life cycle guidelines with annual contract revisions.
- First three years' target cost commitment was \$7.3M for target units with shared savings;
- Annual adjustment for year four and subsequent for target cost commitment;
- Non-target cost consisted of hourly rate and markup costs for parts and subcontract for non-target units;
- Labor costs during daytime operational hours **not charged** as non-target costs for non-target units;
- Target units could be charged non-target costs due to deliberate actions or omissions;
- Services considered non-target costs for all City fleet (ex: welding, modifications)
- City fleet manager hired July 2019 to administer contract; and
- Net fleet costs for fiscal year 2020 were \$6.8 million, 11% increase from fiscal year 2019.

Objective

Assess whether the system of internal controls was adequate and appropriate for effective contract compliance with selected provisions of the executed contract as it relates to payments.

Scope

- Reviewed repair orders included in expenditures from July 1, 2019 through February 29, 2020;
- Covered \$3.2 million in fleet maintenance costs; and
- A total of 6,889 repair orders consisted of target, non-target and subcontracted fleet services provided to 1,150 City units
- **Internal Audit Concludes:**
 - Vague contract terms made it difficult to understand contract requirements, ultimately impacting the success of the fleet function; and
 - Lack of effective contract monitoring and oversight of the fleet contract created an environment that would be hard to detect fraud, waste and abuse.
- **Management Action Plan:**
 - Contract with the on-site Contractor was mutually dissolved on June 30, 2021;
 - Transitioned to a City operated fleet maintenance operation; and
 - Establish Fleet Committee, create and/or update current policies and procedures and schedule appropriate training.

Discussion ensued

Questions

What is happening concerning training? Consultant hired as Interim Fleet Manager. Offered all Vector employees position with COF. Training staff from Profit to municipality operations. Mechanics training on vehicles.

Vector Employees were offered positons with COF. Started July 2021

Will this be presented to City Council? Happy to update Council on performance of Fleet now that were “in house”.

There are 3 separate areas, Fire, Garbage and small vehicles, are some vehicles contracted out? COF is contracting as needed., we can work on all vehicles in house. Looking to grow staff. Thank you to City Management staff and Internal Audit Department.

MOTION: Ms. Amy Samperton moved to accept Vector Fleet Audit Report

SECOND: CM Kinston

VOTE: UNANIMOIS (4-0)

Office of Internal Audit Annual Audit Plan Proposed Engagements FY2022:

Impacts on FY2022 Plan:

- Covid-19 Pandemic
- Implementation & involvement in City’s HUB ERP project

Summary of FY22 Audit Plan:

- 5 Performance Audits
- 1 Follow-Up Audit
- 1 Attestation Project

Audit Projects Carried forward from 2020 or 2021 Work Plan

A.1 In Progress or Completed FY 2022-

Vector Fleet Contract- Asses adequacy and effectiveness of internal controls for contract compliance

Police Department Confidential Funds- Annual audit in accordance with police department policy due to accreditation

WEX Gas Cards follow up- Determine that previous recommendations have been implemented

Wireless Communication Usage9 Cell Phones)- Asses the City’s wireless communication usage for potential cost savings

Changes to Employee Pay- Determine if adjustments to employee pay were approved, accurate, timely and supported

A.2 For Completion

Community Development Housing Rehabilitation Program- Asses hosing loans to ensure compliance with the contract with AmeriNational

These 6 audits were on previous audit plans. The first 5 were either in progress, or completed and were waiting to be presented to the audit committee as of June 30, 2021. All of these have been presented to the audit committee except the Changes to Employee Pay which is currently being conducted.

The last audit for the Community Development Housing Rehabilitation Program has not been started.

B.1 Internal Audit Projects

Kronos Implementation (Fire and Police)- Determine adequacy of payroll processes and internal controls related to Kronos implementation

Procurement Card Program- Determine if the procurement card program is managed in compliance with policies and procedures

Sub recipient Grant Monitoring- Determine if the City is monitoring sub recipient activities to provide reasonable assurance that sub recipients are in compliance with grantor requirements.

Police Department Confidential Funds- Annual audit in accordance with police department policy due to accreditation

- Project will be started but not completed during the fiscal year.

C.1 Initial follow Up Audit Projects

Accounts Payable Timeliness- Determine if recommendations in the Accounts Payable Timeliness audit have been effectively implemented.

The new audit projects include:

- The Kronos Implementation for the Fire and Police Departments to determine if the implementation provided for the employees to be paid correctly with limited manual processes necessary.
- The City's Procurement Card Program to determine if there was sufficient oversight during the COVID-19 Pandemic due to some personnel working from home.

D. Attestation and Required Projects for 2021-2022

D.1 Initial Attestation projects

HUB ERP Oracle Access Controls Review- The review will analyze user access and test for consistency with personnel responsibilities.

D.2 Required Annual Review Projects

Proxy Card- City Policy #607 Proximity Card Access requires annual review of the proximity card systems to ensure proper controls were followed for activation and deactivation.

Conflict of Interest- City of Fayetteville's Code of Ethics. Section 2-95(j) requires annual conflict of interest process to be conducted by Internal Audit.

E. Internal Audit Management and Administration

HUB ERP Support- Allocated 200 hours for requested support of the ERP Implementation.

We have included a review of the user security for the new HUB ERP system to determine if users only have the access necessary do their jobs.

Our required annual reviews include proxy card access and conflict of interest.

Questions-

What is name of HUB ERP System? Oracle

What is cost? Mr. Toland will verify price and share with committee

In light of recent issues with Council, should more hours be considered for Conflict of Interest? Defer to City Manager, this item is out of Internal Audit Department realm.

Does COF need an outside Auditor to come and look into allegations? Mr. Hewett shared the Charter of the Audit Committee.

Discussion ensued

CM Kinston- Take this item to Council and let Council decide if they wish to hold and independent audit

A. Samperton would like to know City Manager and City Attorney preference? Mr. Hewett recommends allowing Council to decide.

CM Dawkins agrees with CM Kinston that this should be decided by City Council.

CM Kinston would like the other Audit Committee members' statements/opinions be expressed or shared with Council

MOTION: Mr. Ron O'Brien moved this item, the allegations of former CM Waddell, be discussed by Council at the December Work Session.

SECOND: Ms. Amy Samperton

VOTE: UNANIMOUS (4-0)

MOTION: Mr. Ron O'Brien moved to accept the Annual Audit Plan for FY 22

SECOND: CM Kinston

VOTE: UNANIMOUS (4-0)

- 6. Management report presented-** Informational Purposes only
- i.** No action required
 - ii.** Annual report to Council

7.Adjournment

Mr. Ron O'Brien moved to adjourn meeting at 4:22 PM

Council Member Johnny Dawkins, Chair

ATTEST:

Andrea Tebbe, Executive Assistant to the City Council



Office of Internal Audit

**Performance Audit 2022-01
Fire Kronos Implementation**

January 2022

Director of Internal Audit
Elizabeth Somerindyke

Senior Internal Auditor
Rose Rasmussen

Internal Auditor
Amanda Mott



OUR MISSION

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

Director of Internal Audit
Elizabeth Somerindyke

Senior Internal Auditor
Rose Rasmussen

Internal Auditor
Amanda Mott

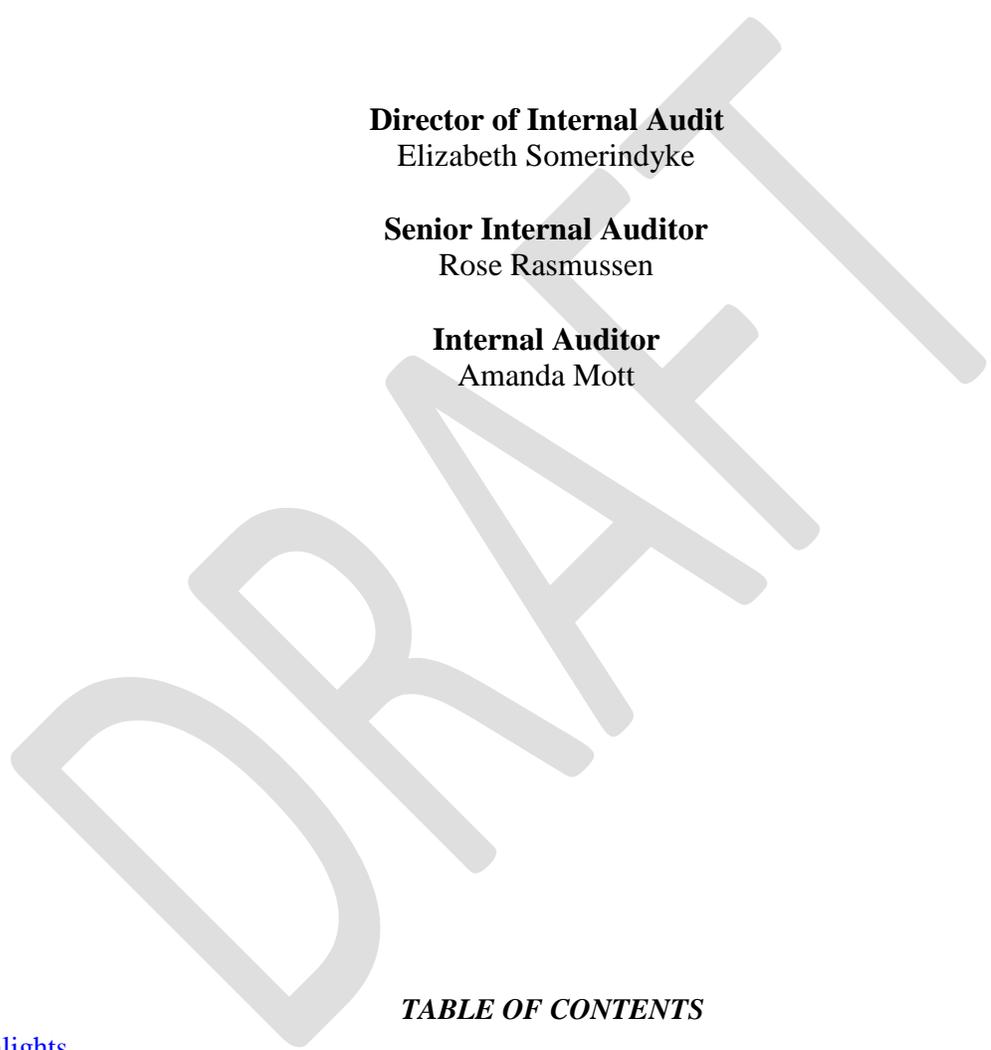


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Mailing Address: 433 Hay Street, Fayetteville, NC 28301

Fire Kronos Implementation Highlights

Objective:

To determine if payroll processes and associated internal controls were adequate to ensure Fire Department personnel were paid accurately.

Scope:

- Included Fire Department payroll from June 21, 2021 through September 26, 2021 for 38 (11%) active Fire Department personnel for seven pay periods;
- The sample included exempt, non-exempt, firefighters and non-firefighters; and
- Only hours were audited. Payments were not calculated.

Background:

- Kronos, an electronic timekeeping system, was implemented for all City departments during fiscal year 2016, except for the public safety departments.
- According to the Kronos Workforce Management Project Charter created in 2014, the project vision was to consolidate and automate the process of time collection for all city employees.
- The Fire Department used Telestaff, an electronic scheduling system, to schedule, deploy and manage department resources.
- Prior to the Fire Department Kronos implementation, employees' hours worked and leave taken were entered manually into JD Edwards, the City's financial system, from Telestaff reports.

Highlights:

- Work and leave hours were scheduled in Telestaff and imported into Kronos. The hours were then imported into JD Edwards for payment calculations and payment to employees.

Figure 1: Import Process



- No payroll policy existed for the payment of 112 hours each pay period regardless of the hours actually worked.
- Payroll procedures needed updated and an alternate payroll processor needed trained based on current processes.
- A review of payroll information and approval in Kronos was not conducted by an independent party.

Conclusion:

Based on the audit work performed, the Office of Internal Audit concluded overall the implementation was sufficient for employees to be paid correctly, but internal controls could be strengthened.

BACKGROUND

According to the Kronos project charter created in 2014, the project vision was to consolidate and automate the process of time collection for all city employees. The project goals were to:

- Eliminate multiple processes for tracking and recording employee time;
- Begin the practice of positive time recording for all city employees; and
- Eliminate the inefficient manual leave keeping process.

During fiscal year 2016, Kronos was implemented for all City departments, except for public safety departments. The implementation of Kronos for the public safety departments was set for a separate phase of the project.

The Fire Department used Telestaff, for scheduling, deploying department resources, recording hours worked and recording time off. Telestaff had the functionality to automatically create the daily schedule for the department to include matching the employee's qualifications with requirements for each piece of equipment. In addition, Telestaff identified employees to fill vacancies created when employees were on leave. However, Kronos did not have the same scheduling capabilities. Therefore, it was decided that the Fire Department would maintain Telestaff, and the scheduled hours worked and time off would be imported into Kronos from Telestaff. Prior to Kronos implementation, the Fire Department Personnel Technician processed payroll by manually entering hours worked and time off into JD Edwards biweekly using Telestaff reports. With the implementation of Kronos, the manual entry into JD Edwards was no longer necessary.

AUDIT OBJECTIVES

The objective of the audit was to determine if payroll processes and associated internal controls were adequate to ensure Fire Department personnel were paid accurately.

AUDIT SCOPE

The scope of the audit included Fire Department payroll from June 21, 2021 through September 26, 2021. The electronic payroll records for seven pay periods were reviewed for 38 employees (11%) of the 350 active Fire Department personnel. The sample was selected to ensure payroll for all personnel types, exempt, non-exempt, firefighters and non-firefighters, were reviewed. This audit included reviewing hours worked and hours of leave taken. It did not include calculating the amount paid to employees.

AUDIT METHODOLOGY

In order to accomplish the objectives of the audit, the Office of Internal Audit performed, but were not limited to, the following:

- Reviewed applicable written policies, procedures, and guidelines;
- Interviewed Fire, Information Technology and Finance department personnel involved in the Kronos implementation;
- Compared electronic payroll records in Telestaff against information imported into Kronos and JD Edwards;
- Reviewed any additional documentation maintained related to payroll and the implementation of Kronos, and
- Considered the risk of fraud, waste and abuse.

FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSES

Finding 1

Management should strengthen controls for payroll processes.

Criteria: According to the Government Accountability Office's Standards for Internal Control, management should design control activities in response to the entity's objectives and risks. Control activities include but are not limited to policies and procedures, training and review processes.

Condition: Fire Department shift personnel assigned to 24.25 hour rotating schedules were paid 112 hours at regular rate each pay period regardless of the number of hours actually worked¹. Leave time was charged based on the number of hours scheduled to work for that period and not the 112 hours paid. Although, no City policy was provided on the payment of 112 hours each pay period, Internal Audit noted this was the practice since the implementation of JD Edwards in 1995. Since a policy did not exist, this audit and the timekeeping rules implemented for Kronos were based on verbal guidance and historical practices.

The Fire Department discovered discrepancies between information imported from Telestaff to Kronos. When possible system updates were made allowing the information to be imported correctly in the future. When the system could not be updated, additional review processes were put in place with manual corrections made when necessary. Internal Audit noted an independent review of manual corrections was not conducted. In addition, the payroll was not reviewed and approved by an independent party. Although payroll procedures existed, they were not up to date with current payroll processes. It was noted only one employee was trained on the current processes.

Cause: The City did not enforce the importance of policies and procedures, to include maintaining once written.

Based on Internal Audit inquiry, Departmental procedures and training the alternate payroll processor were put on hold until all the discrepancies between the two systems could be identified and corrected. In addition, staffing changes impacted training of the designated alternate payroll processor.

Effect: Without adequate controls, the risk of payroll inconsistencies and errors increases. In addition, without written payroll policies, institutional knowledge could be lost over time.

Recommendation

The Fire Department should:

1. Work with the Human Resource Development Department and the City Attorney's Office and establish written payroll policies.
2. Update and maintain documented payroll procedures to align with current payroll processes. The procedures should be sufficient for alternate employees to process departmental payroll.
3. Designate and train an alternate employee to perform payroll processes.
4. Require a qualified independent employee, conduct a review, which at a minimum should include the manual corrections made, and approve the timecards in Kronos.

Management's Response

The department concurs with the findings and is in full agreement with the recommendations. Now that the transition is nearly complete, the department can codify its practices, aligned with the functionality of the new systems. The department has been made aware of a pending upgrade to the Kronos and Telestaff software platforms that necessitates delay of implementing any new policies until system changes are known. In the interim, the department has requested review of its payroll practices by a third party consultant. The department plans to have its new processes defined by policy no later than June 30, 2022.

¹ Hours worked outside of established shift schedules were paid at time and a half in addition to the 112 hours at regular rate.

The department will continue to maintain alternate staff with the knowledge and ability to process payroll, primarily using the office assistant assigned to the training division.

The department will explore ways to incorporate quality control audits with each bi-weekly payroll process by comparing entries made in the Kronos System to those in TeleStaff. The department understands there will need to be another level of quality control implemented to ensure data from Kronos is accurately transferred into the ERP system once it is operational. This responsibility will fall upon the Deputy Chief of Human Resources with other Chief Officers having the ability to review and approve time cards as needed.

Responsible Party: Deputy Chief of Human Resources

Implementation Date: June 30, 2022

CONCLUSION

Internal Audit has finished work on the audit of the Fire Department Kronos implementation. Based upon test work performed, Internal Audit concluded the implementation was sufficient for employees to be paid correctly, but internal controls could be strengthened.

Although not included in the findings, the payroll information imported into Kronos required manual corrections for hours worked and leave taken to reflect accurately. Internal Audit is aware some manual intervention within Kronos was required city-wide. To determine the extent, Internal Audit will look at the overall number of manual corrections necessary when conducting a city-wide audit of Kronos.

In addition, one of the Kronos project goals was to eliminate multiple processes for tracking and recording employee time. Therefore, Internal Audit recommends the Department to the extent possible establish one complete tracking and recording method that provides appropriate supervisor review and approval; employee's sign off; and includes all hours worked, leave taken, sleep time, and any other time necessary for adhering to FLSA guidelines.

Although the management responses are included in the audit report, Internal Audit does not take responsibility for the sufficiency of these responses or the effective implementation of any corrective actions.

Internal Audit would like to thank Department personnel for their assistance and numerous courtesies extended during the completion of this audit.

Distribution:

Audit Committee

Douglas J. Hewett, City Manager

Michael Hill, Fire Chief



January 27, 2022

Members of the Audit Committee,

Enclosed in the updated Quarterly Management Implementation Status 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.

A short summary of the progress updates are provided to allow a quick assessment of the audit reports where all the recommendations have NOT been fully implemented. 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.

Please provide us with any questions or ideas for improving this report to enhance your ability to monitor the effective implementation of recommendations.

A summary of the report will be presented. We welcome discussion on the management updates and request approval.

Respectfully,
Elizabeth Somerindyke
Internal Audit Director

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2021-2022 (2nd Quarter)

<u>Audit Title</u>	<u>Date Released</u>	Issued	Accepted	<u>Recommendations</u>		
				Implemented	Partially Implemented	Not Implemented
Police Department Confidential Funds A2016-01	January 2016	1	1	1	0	0
Contract Practices and Procedures A2016-06	October 2017	3	3	3	0	0
Police Department Confidential Funds A2018-03	February 2018	1	1	1	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	4	0	0
Accounts Payable Timeliness A2020-02	January 2021	5	5	5	0	0
Wireless Communication Usage A2021-02	August 2021	7	7	0	0	7
Vector Fleet Contract A2020-04	November 2021	3	3	0	0	3

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2021-2022 (2nd Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – January 27, 2022	Management Follow-up Response – October 28, 2021 (Rescheduled November 18, 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 	<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</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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	Recommendation	Management Response	Management Follow-up Response – January 27, 2022	Management Follow-up Response – October 28, 2021 (Rescheduled November 18, 2021)
A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation				

	<p>be charged the resident fees; and</p> <p>c. Establish specific guidance and expectations on charging swimming pool and Adult Open Play Athletic fees.</p>	<p>charged in accordance with the fee schedule.</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</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>

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A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation				

		<p>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>		
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.</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>

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A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation

		<p>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>Responsible Party: Adrienne Thomas, Business Manager</p> <p>Implementation Date: 07/01/2019</p>		
2	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	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	Implemented	Implemented
			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	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

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A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation

	<p>fees for regularly scheduled programs led by PRM personnel.</p>	<p>on the fee schedule reflecting the appropriate fee, to include the resident and non-resident fee, if applicable. However, the fees that 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</p>	<p>schedule was presented to City Council for adoption and included in the FY2020 budget. The FY20 Fee Schedule was implemented on July 1, 2019.</p>	<p>schedule was presented to City Council for adoption and included in the FY2020 budget. The FY20 Fee Schedule was implemented on July 1, 2019.</p>
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A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation

		<p>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 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”</p>		
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A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation

		<p>we disagree as fees for all programs are listed on the Fayetteville-Cumberland Parks and Recreation website.</p> <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>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>	<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>

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	<p>Improvements to the policy based on Internal Audit’s observations should include, but not be limited to:</p> <ul style="list-style-type: none"> a. Types of documentation considered sufficient and insufficient; b. Frequency for updating documentation; and 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. 			
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</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.</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>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>

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A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation

	segregation of duties, access controls and security over RecTrac.	<p>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 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	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	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	Implemented	Implemented

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A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation				
	general ledger dates, drawers, and pay codes.	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. 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="color: red;">Partially Implemented</p> <p style="color: red;">The Solid Waste ordinance is 90% completed. To finish the ordinance, staff sought concurrence from the City Council on modifying the bulky and limb service levels to either scheduled or routed collections. The SW staff recommended option three out of the presented options:</p> <ol style="list-style-type: none"> 1. Scheduled collections (Limb only) 2. Every Six Weeks Collections (Limb only) 3. Every Other Week Collections 4. Weekly Collections 5. Peer City Options <p style="color: red;">Council consented to Option 3, every other week bulky and limb collections. Once staff has vetted the biweekly process, they will update the ordinance and present it to Council in the</p>	<p style="color: red;">Partially Implemented</p> <p style="color: red;">The Solid Waste ordinance is 90% completed. To finish the ordinance, staff sought concurrence from the City Council on modifying the bulky and limb service levels to either scheduled or routed collections. The SW staff recommended option three out of the presented options:</p> <ol style="list-style-type: none"> 1. Scheduled collections (Limb only) 2. Every Six Weeks Collections (Limb only) 3. Every Other Week Collections 4. Weekly Collections 5. Peer City Options <p style="color: red;">Council consented to Option 3, every other week bulky and limb collections. Once staff has vetted the biweekly process, they will update the ordinance and present it to Council in the</p>
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A2019-04 Residential Solid Waste Fees				

			<p>February work session of 2022. SW started the soft rollout of every other week's collection of Limbs and Bulky beginning November 1, 2021. SW staff has successfully navigated the transition from scheduled to routed collections. SW has collected over 7K of Limbs and Bulky piles in eight (8) weeks.</p> <p>Additional Next Steps:</p> <ul style="list-style-type: none"> • Review ordinance recommendations with CA Office, CMO office and adjust as needed to align with CoF needs and strategic goals and objectives. • Implement areas of the ordinance that are currently in the ordinance but not being implemented. • Adjust timeline to fit the goal of implementation 	<p>February or March work session of 2022.</p> <p>Additional Next Steps:</p> <ul style="list-style-type: none"> • Review ordinance recommendations with CA Office, CMO office and adjust as needed to align with CoF needs and strategic goals and objectives. • Implement areas of the ordinance that are currently in the ordinance but not being implemented. • Adjust timeline to fit the goal of implementation of new ordinance for July 1, 2022 • Create a plan for educating residents <ul style="list-style-type: none"> • Meet with all the neighborhood watch groups • Reach out to churches and assemblies • Corporate Communications – social media, etc. • Flyers/Mailers
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A2019-04 Residential Solid Waste Fees				
			<p style="color: red;">of new ordinance for July 1, 2022</p> <ul style="list-style-type: none"> Create a plan for educating residents Meet with all the neighborhood watch groups Reach out to churches and assemblies Corporate Communications – social media, etc. Flyers/Mailers Create processes/tools for scheduling and implementation of notices, fines, and assessments. <p style="color: red;">Full implementation of new revisions to begin July 1, 2022</p>	<ul style="list-style-type: none"> Create processes/tools for scheduling and implementation of notices, fines, and assessments. <p style="color: red;">Full implementation of new revisions to begin July 1, 2022</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	Management will seek council direction regarding level/scope of solid waste services. Full implementation of ‘Recommendation #1’ is contingent	<p style="color: red;">Partially Implemented</p> <p style="color: red;">See response for 1.1</p>	<p style="color: red;">Partially Implemented</p> <p style="color: red;">See response for 1.1</p>

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A2019-04 Residential Solid Waste Fees				
	residential solid waste fees are being assessed appropriately. Any updates to the City Code of Ordinances should ensure compliance with North Carolina General Statutes.	<p>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>		
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.	Implemented 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	Implemented 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

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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 by the end of December 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 now expected to be completed the end of April 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	<p>Partially Implemented</p> <p>Fleetmind upgrades are still not completed. The Fleetmind server upgrades request is on hold as IT has a few questions concerning requirements, outcomes, and scheduling. SW entered a request via our ticketing system to proceed. Fleetmind is still working on fixing the issues.</p> <p>Partially Implemented</p> <p>Upon completing "Recommendation 1," SW will</p>	<p>Partially Implemented</p> <p>Fleetmind upgrades are still not completed. The Fleetmind server upgrades request is on hold as IT has a few questions concerning requirements, outcomes, and scheduling. SW entered a request via our ticketing system to proceed. Fleetmind is still working on fixing the issues.</p> <p>Partially Implemented</p> <p>Upon completing "Recommendation 1," SW will</p>

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A2019-04 Residential Solid Waste Fees				
		<p>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 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>	vet the Fleetmind data to align with any ordinance revisions if needed.	vet the Fleetmind data to align with any ordinance revisions if needed.
2.3	Develop comprehensive written policies and procedures to maintain Fleetmind data integrity, once the processes are established.	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	<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 is updated.</p>

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A2019-04 Residential Solid Waste Fees				

		<p>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 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: 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	IMPLEMENTED OD&T and Finance met 1.15.2021 and drafted a comprehensive timekeeping and payroll training.	IMPLEMENTED OD&T and Finance met 1.15.2021 and drafted a comprehensive timekeeping and payroll training.
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	IMPLEMENTED Finance prepares the refresher course on a case-by-case basis as dictate by the needs of the staff member receiving the refresher course.	The implementation status was not timely provided for reporting.
6.3	Management should coordinate with the Human Resources Development Department to provide the Police Department	Finance will collaborate with HRD to provide training on timekeeping and FLSA 207 (k) overtime and an	IMPLEMENTED OD&T and Finance met 1.15.2021 and drafted a	IMPLEMENTED OD&T and Finance met 1.15.2021 and drafted a

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A2020-01 Police Department Payroll Audit: Finance Department

	training on timekeeping and FLSA 207 (k) overtime. Training for new employees should be a part of on-boarding and provided by a qualified employee.	on-boarding process to train new employees. Responsible Party: Jay Toland, Chief Financial Officer Implementation Date: 12/1/2020	comprehensive training on timekeeping and FLSA 207 (k) overtime. Training for new employees shall be a part of on-boarding and provided by a qualified employee.	comprehensive training on timekeeping and FLSA 207 (k) overtime. Training for new employees shall be a part of on-boarding and provided by a qualified employee.
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 Finance has earmarked appropriate funds.

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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</p>	<p>Implemented– 03/1/2021</p> <p>Time is currently being captured and documented in KRONOS as the system of record. Currently in the training environment and the department has not gone “live” at this point.</p>	<p>Implemented– 03/1/2021</p> <p>Payroll is being captured in Kronos Test environment and then entered into JDE based on Kronos which has been determined by Payroll and IT to be the system of record.</p>
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	Recommendation	Management Response	Management Follow-up Response – January 27, 2022	Management Follow-up Response – October 28, 2021 (Rescheduled November 18, 2021)

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		<p>Department to process payroll. The 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>	<p>Implemented – 3/1/2021</p> <p>KRONOS time management provides the ability for supervisors and employees to “approve” time cards.</p>	<p>Implemented – 3/1/2021</p> <p>Kronos submissions require individual approval and supervisor approval.</p>
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	<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>Implemented – 3/1/2021</p> <p>KRONOS is currently being utilized as the system of record.</p>	<p>Implemented – 3/1/2021</p> <p>Kronos submission are the system of record through which JDE entries are made. Pay codes for Court Time, Comp Time and</p>

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	taken, to include E-911. This change will ensure consistency of documentation supporting timekeeping within the department. If the department deviates from approved standardized timekeeping forms, authorization should be obtained from the Finance Department.	Implementation Date: 9/1/2020		Overtime utilized in the system to capture the options.
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 – 3/1//2021 Timecards are required to be submitted every Monday for the week prior. Leveling of the two week time still requires adjustments to week one after the time has been approved if the hourly accumulation exceeds 80 hours in the two week period. KRONOS offers no resolution to this problem. Holidays still require the early submission of timecards to ensure time is reviewed and correctly translated over to JDE	Implemented – 3/1//2021 Kronos submissions must be entered by 10am on the Monday following the completion of the previous pay period.

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		Implementation Date: 9/1/2020	for payroll in a timely manner.	
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 – 3/1/2021 KRONOS is being utilized to track OTE in the form of regular hours and regular OTE hours. Manual calculations and entries are still being utilized for Premium OTE.	Implemented – 3/1/2021 Kronos timekeeping is programmed to calculate regular OTE and covert to FLSA OTE at the end of the 28 day cycle. Supervisors require to level all timecards on two weeks basis.
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)	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	Implemented – 3/1/2021 FPD utilizes Payroll Technician to enter all time into JDE. Currently there are 4 employees across the department who are capable of entering time into JDE with the primary	Implemented – 3/1/2021 FPD utilizes Payroll Technician to enter all time into JDE. Currently there are 4 employees across the department who are capable of entering time into JDE with the primary

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	<p>before payroll is submitted to the Finance Department Payroll Division for processing. Operating Procedure 10.2 Personnel and Payroll should be updated accordingly.</p>	<p>has not been provided in the past. Management believe errors stem 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</p>	<p>responsibility falling on the Payroll Technician. Kronos programming eliminates the need to calculate FLSA rules other than leveling the timecard. Once Kronos is fully implemented entry into JDE will be automated.</p> <p>Personnel Technician remains the responsible party for all payroll entries and submissions.</p>	<p>responsibility falling on the Payroll Technician. Kronos programming eliminates the need to calculate FLSA rules other than leveling the timecard. Once Kronos is fully implemented entry into JDE will be automated.</p>
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		<p>procedures and documented processes which will be made.</p> <p>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 9/1/2020</p>		
5.1	<p>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>	<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 – 3/1/2021</p> <p>Kronos is the official record for timecards and JDE official record for payroll. All Kronos timecards are archived in the system.</p>	<p>Implemented – 3/1/2021</p> <p>Kronos is the official record for timecards and JDE official record for payroll. All Kronos timecards are archived in the system.</p>
5.2	<p>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.</p>	<p>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</p>	<p>Not Implemented</p> <p>Awaiting final approval to go “live” with KRONOS to ensure all current practices and procedures are final version and require no further changes to the</p>	<p>The implementation status was not timely provided for reporting.</p>

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		<p>processes and ensure they align with the City of Fayetteville Policies. We will then provide the information for Human Resource Development Department for review.</p> <p>Responsible Party: Chief Gina V. Hawkins Implementation Date: 10/1/2020</p>	system.	
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	<p>Not Implemented</p> <p>KRONOS approval procedures will be the new standard. Awaiting approval to go live to ensure no changes to the processes or procedures will be required.</p>	The implementation status was not timely provided for reporting.

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		<p>paid compensatory time versus overtime and does not 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	Update departmental operating procedures to align with current practices, to include criteria for when overtime is allowed versus earning compensatory time.	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	<p>Not Implemented</p> <p>Employees currently are able to identify how they will be compensated for their time and indicate in the KRONOS system how they would like to be compensated for hours worked over 80 hours in a two week time period. This remains inconsistent with FLSA standards which indicate a total of 170 hours work before OTE or Compensatory Time is offered.</p>	<p>The implementation status was not timely provided for reporting.</p>

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		overtime and does not need to be included in departmental operational procedures. Responsible Party: Chief Gina V. Hawkins Implementation Date: 10/1/2020		
6.1	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.	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. Responsible Party: Chief Gina V. Hawkins Implementation Date: 12/1/2020	Implemented 03/01/2021 Administrative Services Manager Position was created, approve and hired.	Implemented 03/01/2021
6.2	Management needs to ensure the Personnel Technician and an	Management has requested Finance provide training for any and all	Implemented 03/01/2021	Implemented 03/01/2021

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	alternate employee are thoroughly trained and have a clear understanding of all applicable guidelines.	employees who have access to JDE before the receive approval rights into the system. Once this training has occurred management will determine who would be the possible alternate employee. This training should include a documented manual for the training for the employee to reference. Responsible Party: Chief Gina V. Hawkins Implementation Date: 12/1/2020	Personnel Technician and E911 Coordinator have all received KRONOS training from Payroll.	
7	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	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	Implemented 03/01/2021 Resolved through implementation of KRONOS.	Implemented 03/01/2021 Since transitioning to FayPay, this recommendation has been resolved.

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	timecards and entered on a 1-week basis.	will also have time submitted for on a bi-weekly basis for approval. Responsible Party: Chief Gina V. Hawkins Implementation Date: 9/1/2020		
8	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.	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. Responsible Party: Chief Gina V. Hawkins Implementation Date: 6/1/2020	Implemented Leave requests are submitted through KRONOS.	Implemented

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A2021-02 Wireless Communication Usage Audit

1.1	<p>Establish written guidelines that outline user department requirements for oversight and accountability. These guideline should include but not limited to:</p> <ul style="list-style-type: none"> • Identify clear delineation of responsibilities related to the City’s wireless communication function within the Information Technology Department and applicable departmental personnel; • Monthly review of invoices for billing irregularity, overage charges, and zero and underutilized usage with actionable follow-up; • Documenting the business need for devices that must remain active regardless of usage; • Documenting management exceptions to City-wide standards for device distribution; 	<p>IT provided oral communication to departments regarding expectation for the monthly review of invoices. This finding is due to no management oversight by departments. In order to fully implement this recommendation, we need to centralize management of all wireless/mobile devices, which would require one FTE to manage the entire fleet of assets. Full implementation is contingent upon approval of FTE and support/collaboration from departments.</p> <p>Responsible Party: Chief Information Officer</p> <p>Implementation Date: 12/31/2022</p>	<p>Not Implemented</p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p>	<p>Not Implemented</p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p>
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A2021-02 Wireless Communication Usage Audit				

	<ul style="list-style-type: none"> Timelines and reasons for the suspension and deactivation of cellular service plans; and Utilizing Verizon Wireless hotspots in lieu of activating cellular service on multiple devices. 			
1.2	Assign devices to the appropriate contracted service plan prior to deploying the device to the assigned individual or department.	<p>IT provided oral communication to departments regarding expectation for the monthly review of invoices. This finding is due to no management oversight by departments. In order to fully implement this recommendation, we need to centralize management of all wireless/mobile devices, which would require one FTE to manage the entire fleet of assets. Full implementation is contingent upon approval of FTE and support/collaboration from departments.</p> <p>Responsible Party: Chief Information Officer</p> <p>Implementation Date: 12/31/2022</p>	<p>Not Implemented</p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p>	<p>Not Implemented</p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p>

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A2021-02 Wireless Communication Usage Audit

2.1	Complete and document a full inventory of all active devices to ensure existence.	Centralized inventory tracking of wireless/mobile devices will be tracked via Verizon’s database. One dedicated FTE to manage the entire fleet of mobile devices coupled with support/collaboration from departments is key to fulfilling the stated recommendations. The current inventory process will be documented and revised to accomplish items 1, 2 & 5. Full implementation is contingent upon approval of hiring one FTE as well as support/collaboration from departments. Responsible Party: Chief Information Officer Implementation Date: 12/31/2022	Not Implemented Implementation is contingent upon the approval of an FTE position and support/collaboration from departments. The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.	Not Implemented Implementation is contingent upon the approval of an FTE position and support/collaboration from departments. The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.
2.2	Establish a centralized inventory of all devices and track all information necessary for devices to be traced to an individual, a piece of equipment, or a specific location, to include the individual responsible.	Centralized inventory tracking of wireless/mobile devices will be tracked via Verizon’s database. One dedicated FTE to manage the entire fleet of mobile devices coupled with support/collaboration from departments is key to fulfilling the	Not Implemented Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.	Not Implemented Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.

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		<p>stated recommendations. The current inventory process will be documented and revised to accomplish items 1, 2 & 5. Full implementation is contingent upon approval of hiring one FTE as well as support/collaboration from departments.</p> <p>Responsible Party: Chief Information Officer</p> <p>Implementation Date: 12/31/2022</p>	<p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p>	<p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p>
2.3	<p>As the City migrates to the Oracle Cloud ERP system, the small asset management system should be implemented and used to track all City small assets, to include cellular devices.</p>	<p>Centralized inventory tracking of wireless/mobile devices will be tracked via Verizon’s database. One dedicated FTE to manage the entire fleet of mobile devices coupled with support/collaboration from departments is key to fulfilling the stated recommendations. The current inventory process will be documented and revised to accomplish items 1, 2 & 5. Full implementation is contingent upon approval of hiring one FTE as well</p>	<p>Not Implemented</p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p>	<p>Not Implemented</p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p>

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		<p>as support/collaboration from departments.</p> <p>Responsible Party: Chief Information Officer</p> <p>Implementation Date: 12/31/2022</p>		
2.4	<p>Follow established City standards for properly documenting the surplus and removal of all devices past their usable life cycle.</p>	<p>Centralized inventory tracking of wireless/mobile devices will be tracked via Verizon’s database. One dedicated FTE to manage the entire fleet of mobile devices coupled with support/collaboration from departments is key to fulfilling the stated recommendations. The current inventory process will be documented and revised to accomplish items 1, 2 & 5. Full implementation is contingent upon approval of hiring one FTE as well as support/collaboration from departments.</p> <p>Responsible Party: Chief Information Officer</p> <p>Implementation Date: 12/31/2022</p>	<p>Not Implemented</p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p>	<p>Not Implemented</p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p>

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2.5	Establish written guidelines requiring a periodic departmental inventory for device existence.	<p>Centralized inventory tracking of wireless/mobile devices will be tracked via Verizon’s database. One dedicated FTE to manage the entire fleet of mobile devices coupled with support/collaboration from departments is key to fulfilling the stated recommendations. The current inventory process will be documented and revised to accomplish items 1, 2 & 5. Full implementation is contingent upon approval of hiring one FTE as well as support/collaboration from departments.</p> <p>Responsible Party: Chief Information Officer</p> <p>Implementation Date: 12/31/2022</p>	<p>Not Implemented</p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p>	<p>Not Implemented</p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p>
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A2020-04 Vector Fleet Contract Audit

1.3	<p>Establish a Fleet Maintenance Committee comprised of representatives from various City departments that utilize fleet services. A Committee chair, preferably a manager from the City Manager’s Office, should lead the group. The Committee’s purpose should be to address fleet-related issues, such as developing fleet policies and procedures, and resolving fleet service-related issues. The Fleet Manager’s role should be to staff the Committee and bring topics and analysis to the Committee for discussion.</p>	<p>a. Management believes establishing a “Fleet Committee” could be valuable and provide some desired clarity in accountability, areas of responsibility, establishment of agreed Standard Operating Procedures (SOP’s) and process improvements. The resulting recommendations will be either implemented or submitted to the City Manager’s Office for consideration(s).</p> <p>b. Management will establish a weekly scheduled meeting with the Fleet Management and Maintenance Staff: Fleet Manager will facilitate this meeting. In addition management will schedule a monthly meeting with the full Fleet Committee, facilitated by a Staff member from the City Manager’s Office.</p> <p>Responsible Party: Chief Financial Officer or his/her Designee</p>	<p>Not Implemented</p> <p>Currently there are meetings with Fleet and the individual departments on a bi-weekly basis, The City has been unsuccessful in hiring a permanent Fleet Manager and has hired a recruiter to assist.</p> <p>Once the Fleet Manager is hired then the fleet committee will take shape.</p> <p>The expected recruitment time period is 30-60 days.</p>	<p>Not Applicable – Audit report presented at November 18, 2021 (originally scheduled October 28, 2021) Audit Committee meeting.</p>
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A2020-04 Vector Fleet Contract Audit				
		<p>Implementation Date:</p> <p>a. January 31, 2022 – Seek City Manager’s Office approval to establish committee and select facilitator and members.</p> <p>b. February 28, 2022 – Conduct kick-off meeting</p>		
3.2	Publish, communicate and implement written policies and procedures City-wide, to include but not limited to personnel who utilize fleet services.	<p>a. Management will author and/or update the current policies and procedures, as relates to fleet management and maintenance.</p> <p>b. The policies and procedures will be developed with the assistance, concurrence of the “fleet committee” and authorized by the City Manager’s Office.</p> <p>Responsible Party: Chief Financial Officer or his/her Designee</p> <p>Implementation Date: December 31, 2021</p>	<p>Not Implemented</p> <p>This is in progress – expected to be complete and sent to SLT for review by 2.14.22</p>	Not Applicable – Audit report presented at November 18, 2021 (originally scheduled October 28, 2021) Audit Committee meeting.
3.3	Provide training on contract policies and procedures for compliance and monitoring.	Management will prepare and schedule appropriate training.	<p>Not Implemented</p> <p>Should still be able to achieve</p>	Not Applicable – Audit report presented at November 18, 2021 (originally scheduled October

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	Recommendation	Management Response	Management Follow-up Response – January 27, 2022	Management Follow-up Response – October 28, 2021 (Rescheduled November 18, 2021)
A2020-04 Vector Fleet Contract Audit				
		Responsible Party: Chief Financial Officer or his/her Designee Implementation Date: March 31, 2022	this date.	28, 2021) Audit Committee meeting.