

**FAYETTEVILLE AUDIT COMMITTEE MEETING MINUTES
LAFAYETTE CONFERENCE ROOM
CITY HALL, 433 HAY STREET
AUGUST 22, 2024
3:00 P.M.**

Committee Members Present: D.J. Haire, Council Member, Chair (via Teams)
Dr. Mfon Akpan, Vice Chair
Derrick Thompson, Council Member
Deno Hondros, Council Member

Staff Present: Lachelle Pulliam, City Attorney
Adam Lindsay, Assistant City Manager
Jeffery Yates, Assistant City Manager
Rose Rasmussen, Internal Audit Director
Christina Zimmerman, Senior Internal Auditor
Eleanor Myers, Internal Auditor
Daniel Edwards, Public Services Assistant Director
Todd Joyce, Assistant Police Chief
Lee Hicks, Police Major, Chief of Staff
Paula Handberry, Executive Assistant to the City Council

1. CALL TO ORDER

Council Member Haire called the meeting to order at 3:00 p.m. Council Member Thompson provided the invocation.

2. APPROVAL OF THE AGENDA

MOTION: Council Member Thompson moved to approve the agenda.
SECOND: Dr. Mfon Akpan
VOTE: UNANIMOUS (4-0)

**3. APPROVAL OF MEETING MINUTES
May 13, 2024 and May 15, 2024**

MOTION: Dr. Mfon Akpan moved to approve the May 13, 2024 and May 15, 2024 meeting minutes.
SECOND: Council Member Thompson
VOTE: UNANIMOUS (4-0)

4. MANAGEMENT REPORTS

A. Quarterly Management Implementation Status Report

The Residential Solid Waste Fees audit has one outstanding recommendation. Departmental policies and procedures need to be created for this audit. The policies and procedures should establish how Fleetmind data integrity will be maintained. The department is scheduled to have a meeting with the City Manager's Office to determine if there were changes due to the age of the audit. Depending on the outcome

of the September meeting, the department anticipates having the policies and procedures completed by December 31, 2024.

5. INTERNAL AUDIT ACTIVITIES

A. Fire Kronos Implementation Funds Audit

The original audit was presented in January 2022 with four agreed upon recommendations. As of June 2024, all recommendations were fully implemented.

The scope of this audit was to determine if the four recommendations were implemented. Internal Audit found all recommendations were fully implemented. The recommendations were implemented by establishing written policies and procedures, designating and training a backup Personnel Technician to process payroll, and implementing a quality review process for their payroll.

MOTION: Council Member Thompson moved to accept the Fire Kronos Implementation Funds Audit.

SECOND: Dr. Mfon Akpan

VOTE: UNANIMOUS (4-0)

B. Police Department Confidential Funds Audit

The Police Department's Vice Investigations Division administered and controlled cash fund used in covert operations with a budget of \$100,000.00 per fiscal year. The audit covered the period of June 1, 2023 to May 31, 2024. The sample included a review of the transactions for 4 personnel of 20 who utilized and maintained confidential funds during the audit scope. Internal Audit reviewed 49 operational transactions totaling \$31,733.52. The funds were administered in accordance with established procedures; internal controls were in place; and there were no significant exceptions noted.

MOTION: Council Member Thompson moved to accept the Police Department Confidential Funds Audit.

SECOND: Dr. Mfon Akpan

VOTE: UNANIMOUS (4-0)

C. Fiscal Year 2025 Audit Plan

Ms. Rose Rasmussen, Internal Audit Director presented the proposed audit plan for fiscal year ending June 30, 2025. The hours in the audit plan include hours for continued support to peer departments by assisting with the implementation of the City's Oracle HUB project and the new Point of Sale system. Hours for this support are subject to change based on the needs of the project which will impact other projects.

There are five new audits on this year's audit plan, one follow up audit, two required annual reviews, and three consulting services.

The new audit projects include the annual Police Department Confidential Funds audit, CMO Construction Management, Grants, Fleet Management, and Economic and Community Development Loans.

Council Member Haire asked is the Economic & Community Development Loans audit the repayment from the citizens. Ms. Rasmussen responded yes.

Council Member Thompson asked if the Neighborly software is creating a problem for the Economic and Community Development Department. Ms. Rasmussen responded staff is looking at how the software is working.

The follow up audit projects include Kronos Implementation for the Police Department.

The required annual reviews include a review of Proximity Cards to determine if only people who need access to city buildings and resources have access, and Conflict of Interest as required by the City's Code of Ethics.

The consulting services include two projects related to the implementation of Oracle HUB. Internal Audit will review User Access to ensure individuals have access for needed tasks. Internal Audit will continue assisting Human Capital Management and Payroll implementation.

The City is implementing a new cashiering software, iNovah which will replace the City's current cashiering system.

Council Member Haire inquired about the implementation stages of the new software and the effects it would have on the state audit. Mr. Jeffrey Yates, Assistant City Manager responded the software is functioning as it should and the audit is scheduled to be submitted before October 31, 2024.

This year's audit plan includes a contingency audit projects section. Internal Audit has encountered difficulties completing audits on the audit plan due to operational changes within the auditee department, due to staffing turnover. Internal Audit is proposing to include contingency projects that the Audit Committee will preapprove on the audit plan.

Council Member Thompson asked how do contingency audit projects come up. Ms. Rasmussen responded an annual risk assessment is done yearly to determine the highest risk. Discussion ensued.

Council Member Thompson asked how does the City check the safety guideline, or standard operating procedures for departments when there is a tragedy. Mr. Yates responded there is a review process for any vehicle accident. The Safety Officer and Risk Management will review situation and make recommendations on corrections. Discussion ensued.

MOTION: Council Member Thompson moved to accept the Fiscal Year 2025 Audit Plan.
SECOND: Dr. Mfon Akpan
VOTE: UNANIMOUS (4-0)

6. ADJOURNMENT

There being no further business the meeting adjourned at 3:33 p.m.

D.J. Haire, Committee Chair

Paula Handberry, Executive Assistant to the City Council