Audit Committee Meeting
October 26, 2017 @ 3:30 pm
1st Floor – LaFayette Room
433 Hay Street, Fayetteville, NC 28301

AGENDA

1. Call to Order

2. Introduction of New Audit Committee Member

3. Approval of Agenda

4. Approval of Meeting Minutes

5. Internal Audit Activities *(Presented by Elizabeth Somerindyke, Internal Audit Director)*:
   a. Contracting Practices and Procedures – Compliance Audit (2016-06)
   b. Status Update on Current Projects

6. Other Business *(Presented by Kimberly Toon, Purchasing Manager)*
   a. Procurement Card Follow-up Information

7. Quarterly Management Implementation Status Report

8. Adjournment

Attachments:

a) Meeting Minutes – August 3, 2017
b) Contracting Practices and Procedures Compliance Audit (2016-06)
c) Procurement Card Follow-up Information
d) Quarterly Management Implementation Status Report 1st Quarter FYE18
e) Internal Audit PPT – Audit Committee 10/26/2017

AUDIT COMMITTEE
LAFAYETTE CONFERENCE ROOM, 1ST FLOOR CITY HALL
433 HAY STREET, FAYETTEVILLE, NC
August 3, 2017 – 3:30 PM
SPECIAL MEETING MINUTES

COMMITTEE   Mayor Nat Robertson, Chair
MEMBERS PRESENT: Pamela Jackson, Vice Chair (arrived at
                            3:35 PM)
                       Council Member Bobby Hurst
                       Council Member Bill Crisp
                       Michelle   Hall,   Fayetteville   Technical
                            Community College
                       Evelyn Shaw, PWC Chair

OTHERS PRESENT: Elizabeth Somerindyke, Internal Audit Director
                       Rose Rasmussen, Senior Internal Auditor,
                            Internal Audit
                       Traci Carraway, Internal Auditor, Internal
                            Audit
                       Lisa Harper, Assistant City Attorney
                       Cheryl Spivey, Chief Financial Officer
                       Kimberly Toon, Purchasing Manager
                       Christine   Pressley,   Accounts   Payable
                            Supervisor
                       James F. Teal, Management Analyst
                       Jane Starling, Deputy City Clerk

1.0   CALL TO ORDER

Mayor Nat Robertson, Chair called the meeting to order at 3:32 PM
and welcomed everyone in attendance.

2.0   APPROVAL OF AGENDA

MOTION: **PWC Commissioner Shaw moved to approve the agenda**
SECOND: **Council Member Crisp**
VOTE: **UNANIMOUS (5-0)**

3.0 Approval of Meeting Minutes

MOTION: **Council Member Hurst moved to approve the minutes from**
              April 27, 2017
SECOND: **Michelle Hall**
VOTE: **UNANIMOUS (5-0)**

4.0 Engagement Letter and Audit Contract for Required LGERS Testing

Ms. Cheryl Spivey, Chief Financial Officer presented this item. Ms.
Spivey explained the Office of State Auditor (OSA) has selected the
City of Fayetteville as one of 60 local governments to have
additional procedures performed on the accuracy of the information
reported in ORBIT (the Local Government Employee Retirement Plan
Database).   The additional work requires a separate engagement
document and contract with RSM, the City's independent auditor.

Background:
A few years ago, the Governmental Accounting Standards Board (GASB)
issued new requirements related to local government pensions.
These new statements changed the reporting requirements for most
pension plans including the North Carolina Local Government
Employees' Retirement System (LGERS). An essential part of the
compliance process for these new statements is the testing of the
information local governments report to the state retirement
system. The Office of State Auditor (OSA), in its role as the
auditor for the state's comprehensive annual financial report
(CAFR), which includes the LGERS plan, decided to annually require
a sample of local governments to contract with their independent
auditors to provide assurance to OSA on the accuracy of the
information the local government reported in ORBIT. The City of
Fayetteville was selected this year. Fayetteville is also

1

responsible for paying the independent auditor for this additional work.

The additional testing will focus on the internal controls surrounding the ORBIT data gathering and input process as well as several specific pieces of census data, such as the following:
- Eligibility – are all employees that are enrolled in ORBIT eligible to be in the plan and are all eligible workers appropriately enrolled?
- Compensation – is qualifying compensation being reported accurately in ORBIT?
- Gender and Date of Birth – are these pieces of data correctly reported in ORBIT?
- Date of Enrollment in the Plan with this Employer – was the employee enrolled according to the unit's policy on membership in the plan? (Some units have a waiting period, others enroll eligible employees upon employment.)
- Termination date – are employees who have left employment with the unit, during the calendar year being evaluated, reported as such in ORBIT using the correct date of termination?

Specific data elements may include the following:
- Eligibility: Work in this area will likely include an evaluation of contract labor to determine if any independent contractors should be classified as employees and therefore potentially eligible to be enrolled in either LGERS or TSERS.
- Compensation: In addition to potentially testing a sample of specific employees' data, the auditor might consider comparing total payroll submitted to ORBIT this year as opposed to the prior year and exploring any material differences between the two figures.
- Gender and Date of Birth: In addition to comparing ORBIT data to the personnel file for a sample of employees, the auditor may consider scanning birthdates for obvious errors (too recent for the employee to be of working age, for example) and gender for changes from one year to the next.
- Enrollment date with this employer: The auditor may want to consider pulling a sample (or testing 100% for a small entity) and testing for date accuracy.
- Termination date: Depending on the number of employees who left employment (not retiring) who were enrolled in the plan, the auditor may want to consider testing a sample for date accuracy.

The City's independent auditor, RSM, is planning to perform this additional work in September, and the results are due to the Office of State Auditor by October 13, 2017. Therefore, this contract is time sensitive. The fee for these additional services is $5,300.00.

Discussion ensued

Ms. Spivey stated the finance department will attempt to absorb the additional cost under their line item for professional services which include auditors and attorney fees.

MOTION: Council Member Hurst moved to recommend to City Council for approval.
SECOND: Ms. Jackson
VOTE: UNANIMOUS (6-0)

5.0 Internal Audit Activities

5.01 Procurement Card Audit (A2015-03F)

Ms. Elizabeth Somerindyke, Internal Audit Director presented a report on the follow up procurement card audit. She explained the Audit plan for FY17 authorized the follow-up audit for procurement cards. The City uses Procurement cards for small purchases to reduce the volume of checks processed. They are processed by vendors like personal charge cards. The Finance Department is responsible for administrating the City's p-card program. The number of active p-cards was 253 as of February 2017.

The Internal Audit issued a Procurement Card Audit in February 2016 with recommendations to improve oversight.

The objectives of the procurement card audit are to: assess adequacy of internal controls; check for compliance with policy and procedure; assess segregation of duties, physical security and proper use; and determine if original audit recommendations had been implemented by management.

The audit looked at P-card activity from July 1, 2016 through February 28, 2017; and was limited to actions taken to remediate the original observations.

The follow-up audit found that original recommendation number one: appropriate approvals were not always present and documentation was not provided showing cardholders received either initial or refresher training.

In the opinion of the audit department the original recommendation was not implemented.

Original recommendation number two: to prepare and retain adequate documentation including the business purpose for each expense determined; the procurement card log is not be used as intended, itemized receipts are not always present, and the business purpose of each purchase was not always documented.

In the opinion of the audit department the original recommendation was not implemented.

Original Recommendation number three: to update and clarify the procurement card policy. Currently, the appropriate guidance still does not exist for controlling, issuing and retiring procurement cards. The policy requires approvals by IT for computer hardware and software, and department director for furniture but does not require documentation of the approval.

In the opinion of the audit department the original recommendation was not implemented.

Discussion ensued.

MOTION: Council Member Crisp moved the audit committee accept the Procurement Card Audit A2015-03F. The Mayor requested a friendly amendment be added for the Finance Department to come back at the next meeting with a justification for the number of procurement cards. Council Member Crisp accepted the amendment.
SECOND: Council Member Hurst
VOTE: UNANIMOUS (6-0)

6.0 Other Business:

6.1 Annual Audit Plan Proposed Engagements for FY2018

Ms. Elizabeth Somerindyke, Internal Audit Director presented the Audit department's list of proposed engagements for fiscal year 2018. Ms. Somerindyke met with each member of the audit committee and requested concerns from them, Senior City Management, Mid-level Managers, Fraud waste and abuse reporting and audit staff to decide where risks were. A total of 19 people were interviewed.

There are seven projects listed on the FY18 Audit Plan.

1. Contracting Practices and Procedures
2. Parks and Recreation Nonresidential Fees Implementation
3. Police Department Evidence and Property Management
4. Citywide Payroll Processes
5. Police Department Confidential Funds
6. Performance Measures
7. Employee Development Travel and Training Expenditures

MOTION: Council Member Hurst moved to accept the FY18 Audit Plan.
SECOND: Ms. Jackson
VOTE: UNANIMOUS (6-0)

6.2 Internal Audit Annual Report FY2017

Ms. Elizabeth Somerindyke, Internal Audit Director presented the FY2017 Internal Audit Annual Report.

Key Accomplishments FY 2017
- Completed 4 engagements on the approved annual audit plan; made 39 value-added recommendations;
- Provided quarterly Management Implementation Status Reports;
- Provided fraud, waste and abuse training to approximately 125 new employees;
- "Doing What's Right" campaign was feature story for Fayetteville Focus episode in September 2016;
- Attended the Association of Local Government Auditors Conference;
- COBIT 5 Foundation Course examination; and
- Professional certifications.

Fraud, Waste and Abuse Investigations
Received 15 fraud, waste and abuse allegations which resulted in 12 investigations.
These can be reported:
- By employees, vendors and residents;
- In-person, telephone, email, City's Fraud Hotline via telephone or online;
- 15 incidents reported with 47% through Hotline.

MOTION: Public Works Commissioner Shaw moved to accept the annual report with a commendation to staff.
SECOND: Ms. Jackson
VOTE: UNANIMOUS (6-0)

6.03 Nominate Presenter for Audit Committee Annual Report to City Council

The Mayor nominated Dr. Jackson and Ms. Hall to present the Audit Committee's annual report to Council on October 9th.

7.0 Quarterly Management Implementation Status Report:

Ms. Elizabeth Somerindyke, Internal Audit Director reported that in the next quarter the department will be focusing on Travel and Training.

8.0 ADJOURNMENT

There being no further business, the meeting adjourned at 4:40 PM

Respectfully submitted,

_____   _____
JANE STARLING   NAT ROBERTSON
Deputy City Clerk   Mayor
080317

Office of Internal Audit

City of Fayetteville
North Carolina

Compliance Audit 2016-06 Contracting Practices and Procedures

October 2017

Director of Internal Audit
Elizabeth Somerindyke

Senior Internal Auditor
Rose Rasmussen

Internal Auditor
Traci Carraway

OUR MISSION

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

Director of Internal Audit
Elizabeth Somerindyke

Senior Internal Auditor
Rose Rasmussen

Internal Auditor
Traci Carraway

TABLE OF COMMENTS

http://fayettevillenc.gov/government/city-departments/internal-audit
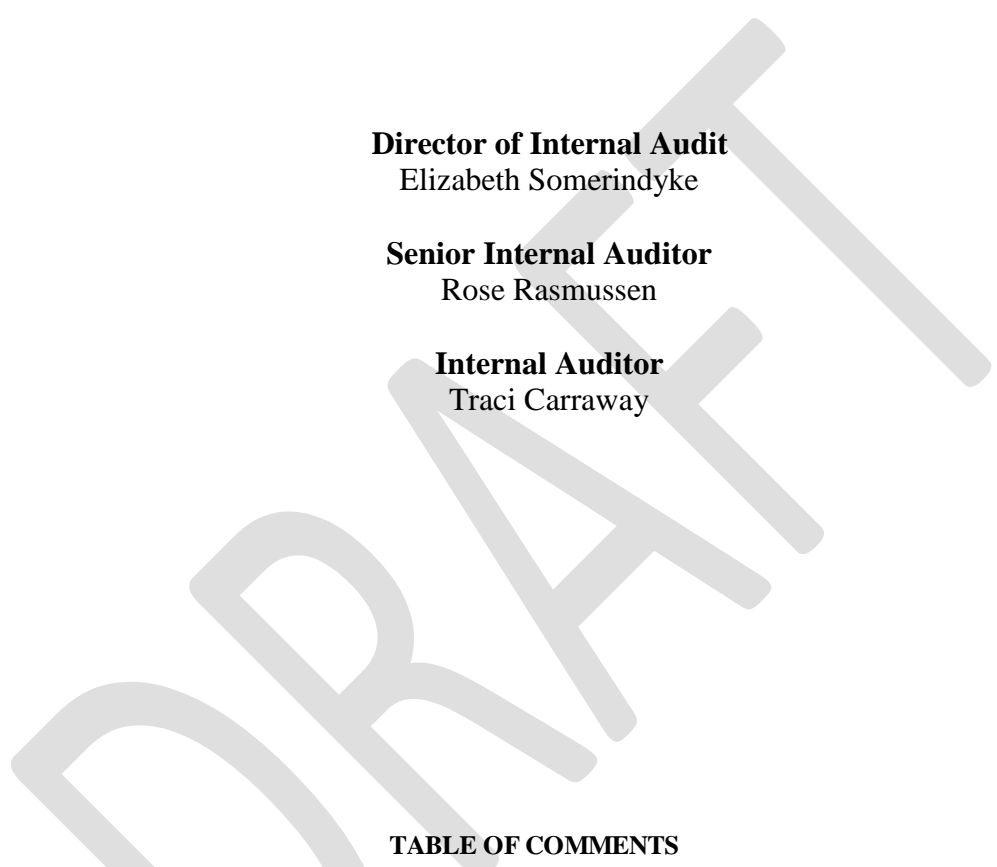
Mailing Address: 433 Hay Street, Fayetteville, NC 28301

EXECUTIVE SUMMARY

Due to the establishment of contract signature delegation authority and a new electronic contract routing system, an audit of Contracting Practices and Procedures was included in the Fiscal Year 2016-2017 Audit Plan. The Office of Internal Audit assessed compliance with relevant policies, procedures, laws, rules and regulations for contracts/change orders. In order to meet the objectives, Internal Audit examined contract and accounting documents; interviewed personnel; and tested records.

This report addresses a number of areas where management actions could further reduce the risks associated with contracts/change orders. Those areas are discussed below:

1. Oversight and management of *Policy # 120 City of Fayetteville Contracting Practices and Procedures* were lacking.
2. Purchase orders and contracts were not always issued in compliance with applicable policies.
3. Contracts are a part of the internal control system but were not always utilized and timely executed.

BACKGROUND

On September 28, 2015, an Ordinance Amendment for the City's *Part II Code of Ordinances Chapter 2 Article III Section 2-61* for contracts was taken to City Council for approval under consent agenda item number 6.14. The update included language allowing designees to execute contracts on behalf of the City Manager.

Additionally, on November 5, 2015, *Policy # 120 City of Fayetteville Contracting Practices and Procedures* was approved by the City Manager which not only provided guidelines related to contracting practices and procedures, but also set delegation thresholds for which designees would be permitted to sign City contracts on the City Manager's behalf. Accordingly, Deputy/Assistant City Managers, and Department Directors were authorized to approve contracts, agreements and other legal obligations based on thresholds or document type. However, in some instances, City Council must approve contracts and cannot delegate this authority.

Furthermore, a new electronic contract routing system was implemented and training was provided in December 2015 and January 2016 to City personnel involved in the contracting process. Once a contract is uploaded into the electronic contract routing system, the contract is electronically routed to obtain all required approvals and signatures, and is maintained within Laserfiche, a document imaging and management software.

AUDIT OBJECTIVES

The objective of this audit was to reasonably ensure contracts/change orders were prepared and executed in compliance with relevant policies, procedures, laws, rules and regulations.

AUDIT SCOPE

The scope of the audit included PRM contracts with transactions incurred from July 1, 2016 to January 20, 2017. The scope did not include a review for monitoring and implementation of contract compliance. In addition, only two contracts sampled required bids, and therefore, provided insufficient evidence to determine overall compliance related to bid requirements.

AUDIT METHODOLOGY

In order to meet the objectives, Internal Audit examined contract and accounting documents; interviewed personnel; and tested records. Additionally, the following specific audit steps were performed:

- Reviewed applicable policy and procedures and relevant laws and regulations;
- Obtained and reviewed Parks, Recreation and Maintenance (PRM) transactions incurred from July 1, 2016 to January 20, 2017;
- Selected a sample of transactions and tested for adequate internal controls and against procedural requirements; and
- Interviewed employees involved in the PRM Department contracting process.

The Parks, Recreation and Maintenance Department was selected for this audit due to the volume of City contracts the department processes. The City did not have a central repository for all City contracts, whereas; there was no cumulative record to obtain a complete and accurate listing of all City contracts. Therefore, in order to reasonably ensure a complete contract population was captured, Internal Audit prepared a listing of all transactions from JD Edwards, the City's Financial System, that were charged to PRM as of January 20, 2017 for the current fiscal year which started on July 1, 2016. After reviewing this listing, Internal Audit determined 930 transactions out of 8,957 should have been paid under a contractual agreement. For purposes of this audit, contractual agreements refer to a separate, written agreement that has terms above and beyond those stated in a purchase order. Internal Audit tested 60 contracts from the 930 transactions.

NOTEWORTHY OBSERVATION

The Parks, Recreation and Maintenance Department appeared to be promoting local spending. During the audit of contracting practices and procedures, Internal Audit noted 107 (76%) of the 141 PRM vendors within the audited sample were Fayetteville or Cumberland County based vendors, according to records obtained from JD Edwards. In addition, of the remaining 34 vendors that were not reflected as Fayetteville or Cumberland County, nine were from counties surrounding Cumberland County.

FINDINGS, RECOMMENDATIONS,
AND MANAGEMENT RESPONSES

Finding 1
Oversight and management of Policy # 120 City of Fayetteville Contracting Practices and Procedures were lacking.

Policies are established to ensure City personnel are consistently adhering to federal, state and local laws and regulations while mitigating risks that may prevent the City from achieving its objectives. Additionally, to ensure policies stay compliant with applicable laws and regulations, they must be reviewed and updated periodically. Therefore, if policies are established without being managed or proper oversight, then it cannot be assured policies remain compliant and are being followed.

Based on Internal Audit inquiry, the following provisions related to oversight and management of *Policy #120 City of Fayetteville General Contracting Practices and Procedures* were not performed as required by the policy:

1. The Signature Authority Designee Matrix, Appendix B to the policy was not reviewed and updated at least once a year by the City's Mangers Office;

2. A "Committee", comprised of the City Finance Director, City Purchasing Manager, a Deputy or Assistant City Manager, an Assistant City Attorney and a contracting expert nominated by and selected from one of the City Departments, which was to be established by the City Manager's

office to conduct at least on an annual basis a review of the policy and recommend appropriate revisions was not created; and

3. Written departmental contracting procedures, which were to be established by all Department Directors and reviewed and approved by the City Attorney's Office, the Chief Financial Officer and the City Manager within six months of policy implementation, were not established.

Based on Internal Audit inquiry, management indicated personnel who were responsible to implement and provide policy management and oversight separated from the City in July 2016. However, prior to this turnover in personnel, the City of Fayetteville's Purchasing and Thresholds and Procedures, Appendix A of the policy was updated effective March 21, 2016. In addition, since Internal Audit's original inquiry, the "Committee" was established, with the first meeting being conducted on March 22, 2017. Currently, the "Committee" is reviewing and updating the policy and its appendices.

Recommendation
The Office of Internal Audit recommends management determine if the City Manager's Office is the most appropriate department to be responsible for *Policy #120 City of Fayetteville General Contracting Practices and Procedure* based on the ability to provide oversight and management of all policy provisions and appendices. Once determined, management should designate personnel/positions responsible for the oversight and management of the policy and ensure the personnel/positions responsible have the ability to enforce contract policy provisions. This recommendation is applicable for all findings within this report and will have a direct impact on the management responses for oversight and monitoring of compliance with the policy.

Management's Response
We concur. Management is in full agreement with the recommendation.

The approvals required and the procedures within Policy #120 City of Fayetteville General Contracting Practices and Procedure were initially assigned to the City Manager's Office; however, after further review and evaluation, the oversight and management of the policy to include the appendices is being assigned to the Finance department. Currently, the Finance department is responsible for the Purchasing function along with playing a major role with citywide contracting. Furthermore, Policy #120 City of Fayetteville General Contracting Practices and Procedure will continue to require the City Manager to approve all delegation of contract signature authority as authorized by the City's Code of Ordinances Chapter 2 Article III Section 2-61.

Responsible Party: Chief Financial Officer or designee

Implementation Date: 01/31/2018

Finding 2
Purchase orders and contracts were not always issued in compliance with applicable policies.

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

Internal Audit reviewed applicable federal, state and local policies, procedures, laws, rules and regulations relevant to contracts. This included *Policy #120 City of Fayetteville General Contracting Practices and Procedures*; City of Fayetteville Code of Ordinances; and *North Carolina General Statutes.* Upon review of these guidelines and the sampled contracts, the following observations were made:
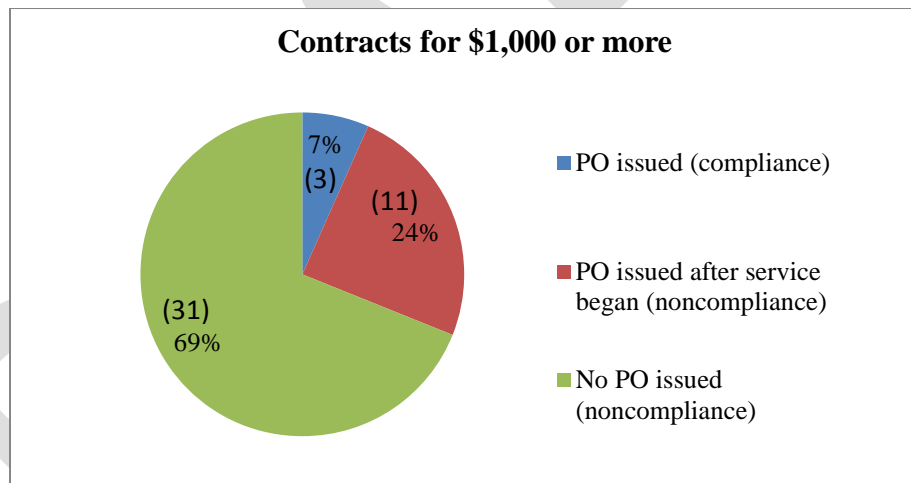
1. *Policy #120 City of Fayetteville General Contracting Practices and Procedures* required an approved purchase order prior to committing on all purchases, services and construction/repair project contracts $1,000 and above. Internal Audit tested the sample to determine that purchase orders were issued in compliance with this requirement and noted the following:

   - Fifteen (25%) of the 60 contracts did not require a purchase order, whereas, the contract amount was less than $1,000.

   The remaining 45 contracts either met the threshold of $1,000 which required an approved purchase order or Internal Audit could not determine the contract amount due to wording within the terms of the contract. Of these remaining contracts, Internal Audit noted the following:

   - Thirty-one (69%) of the contracts did not have approved purchase orders issued;
   - Eleven (24%) of the contracts had purchase orders approved after service began; and
   - Three (7%) of the contracts had purchase orders approved in compliance with established policies.

   Based on Internal Audit inquiry, PRM personnel stated purchase orders were not obtained because the individual payments made to the vendors did not exceed $1,000. The Department did not consider whether the amount paid to the vendor over the life of the contract would exceed $1,000. Since written policies and procedures did not clearly state when purchase orders were required, it was left to the reader's interpretation.

   Contracts for $1,000 or more

   - 7% (3) — PO issued (compliance)
   - (11) 24% — PO issued after service began (noncompliance)
   - (31) 69% — No PO issued (noncompliance)

   In addition, purchase orders were not requested in advance to ensure a purchase order was obtained prior to the purchase or start of services. Generally, there was a lack of oversight and accountability related to ensuring approved purchase orders were obtained for all services and purchases $1,000 and above; and approved purchase orders were obtained prior to a purchase or the start of services. Contract oversight processes should include adequate procedures and sufficient reviews to ensure purchase orders are appropriately established, consistent with contract spending authority and are capturing all related invoices.

2. *Policy #120 City of Fayetteville General Contracting Practices and Procedures* required the City Manager or his designee's signature based on delegation thresholds, City Clerk or Deputy City Clerk's signature, and the City Seal. The sample was tested to determine if authorized signatures and City Seal were present on the contracts. Internal Audit noted five (8%) of the 60 contracts sampled did not have all authorized signatures nor the City Seal. For three of the five contracts, internal controls were not in place to ensure contracts have all the authorized signatures and the City Seal affixed. However, once Internal Audit notified City personnel, the contracts were corrected. The remaining two contracts were related to the authorized signature based on delegation thresholds:

- One contract in the amount of $220,000 could not be determined if the signature was authorized for execution, whereas, Laserfiche did not capture the date the contract was executed nor did the signor add the date to the contract; and
- One contract, not routed through the electronic routing system, was lacking all required approvals, authorized signatures and the City Seal.

Recommendation
1. Clarification should be added to *Policy #120 City of Fayetteville General Contracting Practices and Procedures* to*:*
   a. Define the conditions under which a purchase order is required; and
   b. Require all signatures on contracts in Laserfiche be dated.

2. Training and monitoring practices to ensure procedures are being followed by all user departments should be improved.

3. A quality control program should be developed to help ensure purchase orders are obtained prior to purchase or start of service, and all contracts are fully executed with all required approvals, signatures and the City Seal.

Management's Response
1. We concur. Management is in full agreement with the recommendation.

To ensure full implementation and compliance, the City Manager will assign the Chief Financial Officer the responsibility to define the conditions under which a **purchase order** is required and to require that all signatures on contracts in LaserFiche be dated.

2. We concur. Management is in full agreement with the recommendation.

To ensure full implementation and compliance, the City Manager will assign the Chief Financial Officer the responsibility of providing training and monitoring practices to ensure **purchase order** procedures are being followed by all user departments.

3. We concur. Management is in full agreement with the recommendation.

To ensure full implementation and compliance, the City Manager will assign the Chief Financial Officer the responsibility to develop a quality control program to help ensure **purchase orders** obtained prior to purchase or start of service, and all contracts are fully executed with all required approvals, signatures and the City Seal.

Responsible Party: Chief Financial Officer or designee

Implementation Date: 03/31/2018

Finding 3
Contracts are a part of the internal control system but were not always utilized or timely executed.

The PRM Department makes purchases and accomplishes much of its work through many kinds of contracts. Poor contracting practices can leave the City vulnerable to paying more than it should, not getting the value expected and potential fraud. Internal control is the integration of the activities, plans, attitudes, policies, and efforts of City personnel working together to provide reasonable assurance that the City will achieve its mission. An effective internal control system helps the City with:

- Efficiency and effectiveness of operations;
- Safeguarding resources against loss due to waste, abuse, mismanagement, errors and fraud;
- Promoting adherence to statutes, regulations, policies and procedures; and
- Developing and maintaining reliable data, and accurately reporting that data in a timely manner.

Policy #120 City of Fayetteville General Contracting Practices and Procedures defines a City contract but does not state when a contract is required. In order for Internal Audit to achieve the desired sample of 60 contracts, 217 transactions which required a contract were reviewed. Therefore, a contract was not executed for 157 (72%) transactions. Additionally, services were started prior to contract execution for 30 (50%) of the 60 contracts tested, whereas; work was performed without a contract in place, limiting the City's control over the vendor or protection in case of a dispute.

Percentage of Contracts Provided

28%

72%

■ Contracts - 60

■ No Contract - 157
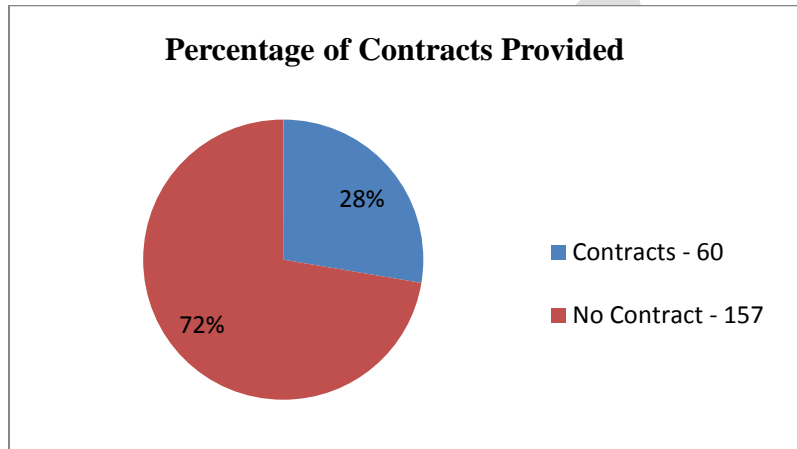
When a contractor completes work without a contract or starts work prior to the contract being executed, it may result in:

- Delayed payment to the contractor;
- Possible unforeseen problems, such as violations of contract terms, scope, and conditions;
- Increased risk of liability to the City due to lack of or inadequate insurance;
- Possible litigation; and
- An inappropriately awarded contract, for example, without a competitive bid process, it would be too late to stop the process and put the contract out to bid.

Since written policies and procedures did not clearly state when contracts were required, it was left to the reader's interpretation. In addition, contracts were not routed far enough in advance to ensure execution prior to the start of services. Generally, there was a lack of oversight and accountability related to ensuring: contracts were obtained whenever applicable; and contracts were obtained far enough in advance to ensure contracts were executed prior to the start of services. Contract oversight processes should include clear organizational roles and responsibilities to enable accountability.

Recommendation
1. Clarification should be added to *Policy #120 City of Fayetteville General Contracting Practices and Procedures* defining the conditions under which a contract is required;

2. Training and monitoring practices to ensure procedures are being followed by all user departments should be improved;

3. A quality control program should be developed to help ensure contracts are obtained prior to purchase or start of service; and

4. Management should establish a central repository for all City contracts.

Management's Response

1. We concur. Management is in full agreement with the recommendation.

To ensure full implementation and compliance, the City Manager will assign the CFO the responsibility of providing clarification to Policy #120, City of Fayetteville General Contracting Processes and Procedures in an effort to define the conditions under which a **contract** is required.

2. We concur. Management is in full agreement with the recommendation.

To ensure full implementation and compliance, the City Manager will assign the CFO the responsibility of providing training and monitoring practices to ensure **contract** procedures are being followed by all user departments.

3. We concur. Management is in full agreement with the recommendation.

To ensure full implementation and compliance, the City Manager will assign the CFO the responsibility to develop a quality control program to help ensure all **contracts** are fully executed with all required approvals, signatures and the City Seal.

4. We concur. Management is in full agreement with the recommendation.

All contracts will go through contract routing and **LaserFiche** will serve as the contract repository.

Responsible Party: Chief Financial Officer or designee

Implementation Date: 03/31/2018

CONCLUSION

Oversight and management of contracts and purchase orders needs improvement to ensure compliance. In addition to the violations of existing City policy noted during this audit, there were instances in which existing City policy on contracts and purchase orders could provide better guidance, not only to ensure a better understanding of the policy, but also to assist in reducing the City's risk.

Internal Audit recommends updating existing policy to improve oversight; strengthen internal controls; provide clear guidance; and ensure employees are properly trained on all policies related to contracts and purchase orders.

Internal Audit wishes to thank the City Manager's Office and other City departments for their assistance and numerous courtesies extended during the completion of this audit.

___*Signature on File*___   ___*Signature on File*___
Elizabeth H. Somerindyke   Rose Rasmussen
Director of Internal Audit   Senior Internal Auditor

Distribution:
Audit Committee
Douglas J. Hewett, City Manager
Kristoff Bauer, Deputy City Manager
Jay F. Reinstein, Assistant City Manager
Michael Gibson, Parks, Recreation and Maintenance Director

City of Fayetteville
North Carolina

FINANCE

Response to the Mayor

Date: October 26, 2017

Memo to: Elizabeth Somerindyke, Internal Audit Director

From: Kimberly Toon, Purchasing Manager

Subject: Response to the Mayor

In response to the Mayor's request to provide a justification for the number of procurement cards issued to City employees. Currently the City has a total of two hundred and fifty-seven (257)) procurement card users. The procurement cards are issued to employees who need to purchase goods and services as part of their jobs.

Each department director was provided a list of employees who currently have an active City procurement card and asked to provide a written justification for each procurement card user.

The majority of the procurement cards are used for training, travel expenses which includes services such as airfares, lodging, car rental, taxis and low dollar value goods.

Department directors have identified several procurement cards that are no longer needed, the accounts have been closed and cards returned to Procurement Card Administrator.

As the administrator of the City's procurement card program, the Purchasing division takes the responsibility for providing the procurement card users a clear guidance and documentation to ensure procurement cards purchases are appropriate and oversight practices are adequate.

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EMPLOYEE	NEED/REASON FOR P-CARD
Airport	
CAREY A ADAMS	Purchase of office supplies
BRADLEY WHITED	Travel and supplies
PATRICIA CAMPBELL	payment for Background checks and Travel
ALVESTER COLEMAN	travel ans Supplies
BRENDA BALDWIN	custodial supplies
TRINIA WOLFE	Office Supplies
RAYMOND JORDAN	Maintenance Parts and supplies
ANTHONY SEWARD	Maintenance Parts and supplies
RAFAEL GUTIERREZ	Maintenance Parts and supplies
DAVID CULBRETH	Maintenance Parts and supplies
Budget	
TRACEY BROYLES	Travel
KELLY CULBRETH	Travel
BIRGIT SEXTON	Request to Deactivate
City Attorney	
KAREN MACDONALD	Purchases/Payments on internet and those in exess of petty cash limit
JENNIFER PENFIELD	Purchases/Payments on internet and those in exess of petty cash limit
MICHAEL D. PARKER	Purchases/Payments on internet and those in exess of petty cash limit
City Clerk	
JENNIFER AYRE	Office Supplies
CITY CLERK	Travel
PAMELA J. MEGILL	Travel and Training
JANE STARLING	Office Supplies
City Manager's Office	
DOUGLAS J. HEWETT	Training, Travel
DEANNA WIUFF	Training,Supplies, Travel
ELIZABETH SOMERINDYKE	Training andTravel
ANDREA TEBBE	Training,Supplies, Travel
JAY REINSTEIN	Training andTravel
TELLY WHITFIELD	Training andTravel
BRISSON TIFFANY	Training andTravel
WANDA HIGHSMITH	Training,Supplies, Travel
CHRIS MCMILLAN	Training andTravel
REBECCA ROGERS-CARTER	Training andTravel
JACKIE TUCKEY	Training andTravel
Economic and Community Development	
VICTOR SHARPE	Travel and Department Purchases
SUSAN MONROE	Training andTravel
DONNA HAIRE	Department Purchases
Corporate Communications	

KEVIN ARATA	Travel, subscription membership
JERMAINE JOHNSON	Travel, Equipment purchases
SHERRI KROPP	Travel, Equipment purchases
GAVIN MACROBERTS	Travel, Equipment purchases
JOSEPH KENNETH MAYNER	Travel, subscription membership
NATHAN WALLS	Travel, subscription membership
Development Services	
MICHAEL BAILEY	Supplies
TOMMY HALL	Request to Deactivate
KAREN S. HILTON	Request to Deactivate
CANDICE MARTIN	Supplies
DELPHINA PELUSO	Supplies
TAMMY SMITH	Request to Deactivate
Engineering	
CRAIG S. ALLEN	Supplies and Travel
FRANKLIN W. BAKER	Supplies
VERNON W. BROWN	Supplies
BRANYUN BULLARD	Supplies and Travel
DAVID CAMPBELL	Supplies and Travel
TONYA EVANS	Request to Deactivate
ROBERT GARDNER	Supplies
MARVIN GIDDENS	Supplies
JAMES HADDOCK	Travel
PHILLIP HART	Supplies
SHAUNA HASLEM	Supplies and Travel
HIGHLAND LUMBER, ENG	Request to Deactivate
MONA HOOKS	Supplies
WALLACE L. JERNIGAN JR.	Supplies and Travel
TWILA JOSEY	Supplies
CARL MCCARTNEY	Supplies
DENNIS MILLER	Supplies
KECIA PARKER	Supplies/Travel
CAL T. PETTIFORD	Supplies/Travel
JEFFREY RIDDLE	Supplies/Travel
TERRENCE ROBERSON	Supplies/Travel
GISELLE RODRIGUEZ-VILLANUEVA	Supplies/Travel
ADIN SEARS	Supplies
ROBERT STONE	Travel
CHARLES TAYLOR	Supplies
WILLIAM S. THORNALL	Supplies/Travel
PATRICIA ZUCKOSKY	Supplies/Travel
Environmental Services	
DARRYN BAILEY	Supplies
ERNEST L. LOVE	Supplies
WILLIE MCDONALD	Supplies
BRIAN MONTGOMERY	Supplies
JAMES M. RHODES	Supplies

STANLEY A. SADLER	Supplies
Finance	
DEBORAH BEUTELSPACHER	Request to Deactivate
ASHLEY M. GILMORE	Training, Registration & Travel
MICHELLE DONEGAIN	Training, Registration & Travel
LASHANDA MCLEAN	Training, Registration & Travel
LINDA DAQUIL	Training, Registration & Travel
JODY PICARELLA	Training, Registration & Travel
TONYA BANKS-DANIELS	Training, Registration & Travel
KIMBERLY TOON	Training, Registration,Travel & Emergency Purchases
SH'TAVION D STEWART	Training, Registration,Travel & Emergency Purchases
ASHLEY B MITCHELL	Training, Registration,Travel & Emergency Purchases
CHERYL SPIVEY	Director-Small departmental expenditures, training,registrations & travel
Fire	
ROBERT BRINSON	Special Operation Purchases
FRANK WHITESIDE	Station Purchases
MITCHELL MORGAN	Risk Reduction Purchases
HIEU SIFFORD	Department Purchases
KEVIN DOVE	Station Purchases
BRIAN MIMS	Station Purchases
SCOTT BULLARD	Emergency Purchases
DENNIS SOUTHERN	Station Purchases
THOMAS MCMILLAN	Station Purchases
BENJAMIN MAJOR	Department Purchases
DAVID HARGIS	Station Purchases
STEPHEN LUCAS	Request to Deactivate
TOMMY SPILLER	Training Purchases
MICHAEL MARTIN	Risk Reduction Purchases
MOISBIELL ALVAREZ	Logistics Purchases
MICHAEL HILL	Department Purchases
JONATHON A FERGUSON	Medical supply purchases
DAVID E RICHTMEYER	Station Purchases
RONNIE WILLET JR.	Training Purchases
VINCENT LEWIS	Planning and Research Purchases
FIRE TRAINING	Department Purchases
FAYETTEVILLE FD	Department Purchases
MICHAEL L. AUTRY	Station Purchases
TROY MASON	Logistics Purchases
SAMUEL R. COLLINS	Logistics Purchases
BRANDON WALKER	Request to Deactivate
Human Resource & Development	
NORMA BATRES-DELL	Job Fairs and related materials
KIMBERLY BOWEN	Benefit related Purchases

JOHN COMBS	Wellness items and lunch and food
BRIDGETTE COOK	Job Fairs and related materials
MARTA FUSSA-SUSTACHE	Job Fairs and related materials
BARBARA HILL	Department Purchases
ERICA HOGGARD	Department Purchases
BARBARA LANDRY	Request to Deactivate
MARK McLEMORE	Legal training materials
ELIZABETH ROCKWELL	training materials
ANGELA SCHWEIBINZ	training materials
DANIELLE STEVENS	Benefit related Purchases
KRYSTYN ANDERSON	Request to Deactivate
MICHELLE TAYLOR	training and membership
LORENA CONTRERAS	training and membership
Human Relations	
WILLETTA RAGIN	Travel & Office Supplies
YAMILE NAZAR	Travel & Office Supplies
ANTHONY WADE	Travel & Office Supplies
Information Technology	
MARCUS TOWNSEND	Solutions Architect
RICHARD TUINSTRA	Backup to BIIS Manager
DWAYNE CAMPBELL	Department Head
TRACEY GLOVER	Operations/Travel
JOHN WESLEY	BIIS Manager/BIIS need
MELISSA COLEMAN	Backup to IT COO/Operations/travel
ULRICH JOHANNES	IT Project Manager
MARCUS GREENE	NWIWPM Manager/Network
DERRICK BOWENS	Backup to NWIWPM Manager
CLAYTON STEVENS	Assets/IT supplies/IT Store Items
AMY DESELLE	IT Supplies
EDDIE TAYLOR II	Telephone items
Parks and Recreation	
JOHN ADAMS	Travel
ZACHARIAH BAYLESS	Travel
TIFFANY BELL	Travel and Operation Purchases
HEIDI W. BLEAZEY	Operation Purchases
KELLY BOYKINS	Travel and Operation Purchases
JUAN BRENES	Travel and Operation Purchases
ERICA BRADY	Operation Purchases
MARY BRYMER	Operation Purchases
BRIAN CHRISTOPHER	Travel and Operation Purchases
CITY OF FAYETTEVILLE L SUPPLY	Ghost Card
CITY OF FAYETTEVILLE MCLUMBER	Ghost Card
CONSOLIDATED ELEC.	Ghost Card
ROBERT CORZETTE	Travel and Operation Purchases
BRUCE DAWS	Travel and Operation Purchases
MARY GALYEAN	Operation Purchases
JOHN GIACOLONE	Operation Purchases

MICHAEL A. GIBSON	Travel and Operation Purchases
MONIQUE GILBERT	Travel and Operation Purchases
CRYSTAL GLOVER	Travel and Operation Purchases
ROBERT GOINS	Travel and Operation Purchases
JAMES B. GREATHOUSE	Travel and Operation Purchases
KENNETH GRIFFIN	Travel and Operation Purchases
RHONDA GROVES	Travel and Operation Purchases
DAMON HICKMON	Travel and Operation Purchases
HIGHLAND LUMBER CO. INC	Request to Deactivate
HUBBARD PIPE SUPPLY	Ghost Card
BELINDA JACKSON	Travel and Operation Purchases
JONATHAN JACKSON	Travel and Operation Purchases
MELISSA JERNIGAN	Travel and Operation Purchases
TIMOTHY JOHNSON	Travel and Operation Purchases
AMELIA LABADOR	Travel and Operation Purchases
JESSICA LEGETTE	Operation Purchases
GARY MARTIN	Travel and Operation Purchases
DAVID MATTHEWS	Travel and Operation Purchases
RODNEY MCCANTS	Travel and Operation Purchases
JEFFREY MCMILLAN	Travel and Operation Purchases
WILLIAM MCMILLAN	Travel and Operation Purchases
MECHANICAL & MAINTENANCE	Travel and Operation Purchases
JEREMY D. MINCEY	Travel and Operation Purchases
STEVEN MORRISON	Travel and Operation Purchases
JAMES PARKER	Travel and Operation Purchases
NICOLE PERRY	Travel and Operation Purchases
JAMES POWELL	Travel and Operation Purchases
PAUL RAGIN	Travel and Operation Purchases
ANTHONY Q. RAMSEY	Travel and Operation Purchases
JOHN REA	Travel and Operation Purchases
HOUSTON REECE III	Travel and Operation Purchases
MICHAEL SEALS	Travel and Operation Purchases
KIMBERLY SHEWCHUK	Travel and Operation Purchases
JENNIFER SMITH	Travel and Operation Purchases
QUINTON SMITH	Travel and Operation Purchases
NELSON SORIANO	Travel and Operation Purchases
THOMAS STEWART	Travel and Operation Purchases
PIPER TAYLOR	Travel and Operation Purchases
ADRIANNE THOMAS	Travel and Operation Purchases
SANDY M. THRASH	Travel and Operation Purchases
TRAVIS TUCKEY	Travel and Operation Purchases
SELENA WASHINGTON	Travel and Operation Purchases
RANDALL WATTS	Travel and Operation Purchases
BARBARA J. WILKERSON	Travel and Operation Purchases
AMBER WILLIAMS	Travel and Operation Purchases
Police	
911 COMMUNICATIONS	Supplies

WAYNE BURGESS	Request to deactivate
CAMPBELLTON DIV.	Request to deactivate
CAMPBELLTON DISTRICT	Supplies
CAPTAIN T	Supplies
CENTRAL DISTRICT	Request to deactivate
CROSS CREEK DISTRICT	Supplies
CHRISTOPHER DAVIS	Bureau Commander
JESSIE DEVANE	Supplies for USAR
MATTHEW DOW	Supplies for Tech Services, Special Events
FAY POLICE - 6192	Request to deactivate
FAY POLICE - 4723	Supplies for Chief Staff
FAY POLICE - 0476	Request to deactivate
FAY POLICE - 1677	Request to deactivate
FAY POLICE - 6763	Supplies
FAY POLICE - 1534	Request to deactivate
FAY POLICE - 1750	Request to deactivate
FAY POLICE - 7350	Supplies for Narcotics Division (offsite)
FAY POLICE - 0140	Supplies for Central Records
FAYPD MANAGER	Request to deactivate
FPD – SVC BUREAU	Supplies
INVESTIGATIVE BUREAU	Supplies
ANTHONY KELLY	Bureau Commander
MAJOR CRIMES	Request to deactivate
DAVID MCLAURIN	Request to deactivate
WADE OWEN	supplies
LARS T. PAUL	Request to deactivate
PD PATROL BUREAU	Supplies
PD PATROL DIV	Request to deactivate
PD PATROL DIV - 2712	Request to deactivate
PD PATROL DIV 2	Request to deactivate
PD PATROL DIV 3	Request to deactivate
MICHAEL PETTI	Bureau Commander
POLICE CUSTODIAN	Supplies
POLICE INTERNAL AFFAIRS	Supplies
POLICE SUPPORT	Supplies
POLICE TRAINING	Training/Travel
POLICE TRAINING 2	Training/Travel
POLICE TRAINING 3	Training/Travel
POLICE TRAINING 4	Training/Travel
POLICE TRAINING 5	Training/Travel
POLICE TRAINING 6	Training/Travel
POLICE TRAINING 7	Training/Travel
POLICE TRAINING 8	Training/Travel
POLICE TRAINING COORDINATOR	Training/Travel
POLICE TRAINING DIV. - 1322	Request to deactivate
POLICE TRAINING DIV. - 4411	Supplies
ROLL 'RZ' BAND	Supplies

STACY J. SANDERS	Supplies - homeless
SV BUREAU SVC	Supplies/equipment for vehicles
DARRY WHITAKER	Supplies/equipment
GINA HAWKINS	Supplies, Travel
Print Shop	
JOHN HICKMAN	Supplies
Safety	
GREGORY SCHAEFER	Office Supplies
WENDY WARFEL	Office Supplies
Transit	
VERONICA FELICIANO	Travel and Supplies
SHANELLE HARRIS	Travel and Supplies
RANDALL HUME	Travel and general Office needs
CHRISTOPHER A. JONES	Travel and Supplies
IMELDA JOSEPH	Travel and Supplies
JUAN LARREGUI	Travel, Supplies & Maintenance
SHERI LEGANS	Travel and general Office needs
TONY MEANS	Travel and general Office needs
MELISSA MOSES	Office Supplies, Travel
BRIAN MONTGOMERY	Maintenance, Parts & Supplies
TYFFANY NEAL	Travel and general Office needs

From:	Cheryl Spivey
To:	Elizabeth Somerindyke
Cc:	Kimberly Toon; Telly Whitfield; Doug Hewett; Christine Pressley; Michelle Donegain
Subject:	FW: Works Electronic Workflow?
Date:	Wednesday, October 18, 2017 5:02:32 PM
Attachments:	image001.png
	Receipt_Imaging_II QRG.pdf

Elizabeth,

In response to the Mayor's Audit Committee question about scanning receipts for Pcard approval, please forward this email and attachment to the Audit Committee. As Ms. Wopperer states in her email, receipts can be scanned and uploaded to transactions for view by manager, accountant and program administrator. Implementing this change in process will fit in well as we implement the recommendations of the Quest-Finance Process Improvement project.

Thanks in advance!

Cheryl

Cheryl J. Spivey, CPA
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Web: www.FayettevilleNC.gov

All communication not specifically exempted by North Carolina law is a public record and subject to release upon request.

From: Wopperer, Tracey [mailto:tracey.wopperer@baml.com]
Sent: Thursday, September 28, 2017 11:42 AM
To: Cheryl Spivey <CSpivey@ci.fay.nc.us>
Cc: Christine Pressley <CPressley@ci.fay.nc.us>; Kimberly Toon <KToon@ci.fay.nc.us>
Subject: RE: Works Electronic Workflow?

Cheryl,

Yes Works has receipt imaging capabilities, see attached guide . We also have electronic statements so that you could move to entirely electronic sign off process. Receipts can be scanned and uploaded to transactions for view by manager, accountant and program administrator.

Let me know if this is something you decide to enable and we can assist with the transition.

Tracey

Tracey M. Wopperer

Director, Senior Card Account Manager

Global Commercial Bank

Bank of America Merrill Lynch

Bank of America, N.A

✆: tracey.wopperer@baml.com

150 N. College Street

NC1-028-14-04

Charlotte, NC 28255

☎: 980.388.7297 F 980.233.7643

From: Cheryl Spivey [mailto:CSpivey@ci.fay.nc.us]
Sent: Wednesday, September 27, 2017 6:49 PM
To: Wopperer, Tracey <tracey.wopperer@baml.com>
Cc: Christine Pressley <CPressley@ci.fay.nc.us>; Kimberly Toon <KToon@ci.fay.nc.us>
Subject: Works Electronic Workflow?

Tracey,

The City of Fayetteville manually routes hard copies of statements for manual signatures of each cardholder and their manager. In addition, hard copy receipts are attached to each statement for verification purposes. Does Works provide an electronic workflow that would allow cardholders to scan and upload receipts and have electronic approvals?

This is a topic on the City's Audit Committee agenda for their next meeting in a couple of weeks. The Mayor mentioned that his private sector company card has this type of electronic workflow, and he

suggests that the City move in this direction.

Thanks in advance!

Cheryl

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Works®

Works® Quick Reference Guide

Receipt Imaging

Works®

Table of Contents

About this Guide

This Works® quick reference guide provides the information needed to use Receipt Imaging to upload, view and manage receipt images. While this guide is geared towards accountholders, the same processes will apply to other users who have similar levels of access (such as Program Administrators, Approvers and Accountants). Within this guide, you will learn how to:

- ▪ Store and Remove Receipt Images.
- ▪ View Stored Receipt Images.
- ▪ Upload and Attach Receipt Images to a Payable Document and Expense Reports.
- ▪ Add Faxed Receipt Images to an Expense Report.
- ▪ View Receipt Images Attached to Payable Documents and Expense Reports.

Each of the above topics includes step-by-step instructions for performing a specific task. You can review all of the tasks in this guide or review the task that is specific to your interest.

Important: To complete the tasks described in this guide, you must be licensed to use Receipt Imaging.

Note: You can print each topic individually for your convenience, if desired.

Works®

Storing and Removing Receipt Images

Need help?

Please contact your Program Administrator for assistance.

Introduction

This section provides the information needed to upload, store, and remove uploaded receipt images in Works®. Users may upload and store receipt images in their Receipts storage queue for processing later. Removing a receipt image from the Receipts view removes the image from storage but does not remove it from any document to which it is attached. Instructions to remove an attached receipt image from a payable document or expense report are also included in this section.

Notes:

- Receipt images can be uploaded or faxed.
- Receipt image uploads must be performed one at a time.
- Each uploaded receipt image must be less than one MB to upload.

Procedure

To store or remove a receipt image in Receipts storage, complete the following:

1. Click **Expenses > Receipts.** The Receipts screen displays (Figure 1).
2. Complete **one** of the following:

To...	Then...

Upload and Store a Receipt Image	a. Click **Add.**
	b. Click **Browse** to locate the receipt image you wish to upload and store.
	   i. Select the desired receipt image.
	   ii. Click **Open**. The file name displays in **File to Add**.
	c. Click the calendar to enter a **Receipt Date**.
	d. Enter a **Description** in the box.
	e. Click **OK**. A confirmation message displays.

To...	Then...
Remove one or more uploaded stored Receipt Images	a. Select the check box next to each receipt image to be removed. b. Click **Remove**. **Note:** Removing a receipt image from the Receipts view does not remove it from any document to which it is attached. c. Click **OK**. A confirmation message displays.
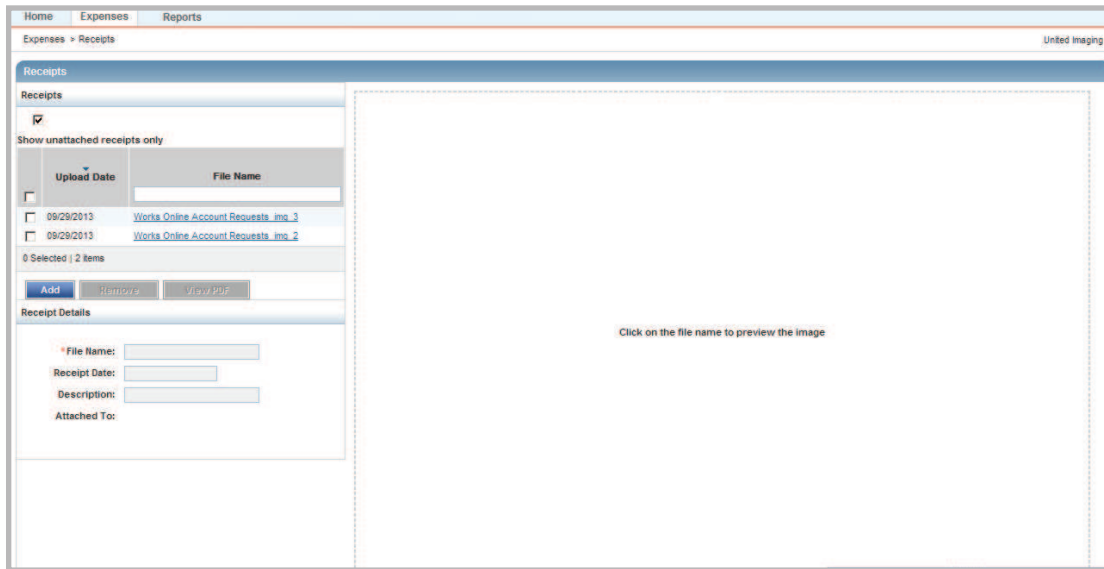
Figure 1: Receipts Screen

This completes the procedure.

Removing an Attached Receipt Image from a Payable Document or Expense Report

To remove one or more attached receipt image(s) from a transaction, reimbursement request or expense report, complete the following:

1. Complete **one** of the following:

To...	Then...
Remove an Attached Receipt Image from a Transaction or Reimbursement	a. Click **Expenses** > **Transactions/or Reimbursements** > **Accountholder**. Transactions Pending Sign Off display. For Reimbursemens, the Draft queue displays. **Note**: To select documents in another queue, click the desired Transactions or Reimbursements tab. b. Click **Document** of the transaction/or reimbursement associated with the receipt image. The single-action menu displays. c. Go to step 2.

To...	Then...
Remove an Attached Uploaded Receipt Image from an Expense Report	a. Click **Expenses > Expense Reports** > **Owner.** Expense reports in the Pending Sign Off queue display. **Notes**: • To select an expense report in another queue, click the desired expense report tab. • Faxed receipt images cannot be removed from Expense Reports. b. Click the desired **Expense Report Name**. The single-action menu displays. c. Go to step 2.

2. Select **Manage Receipts**. The Receipts window displays.

3. Select the check box for each receipt image to be removed (Figure 2).
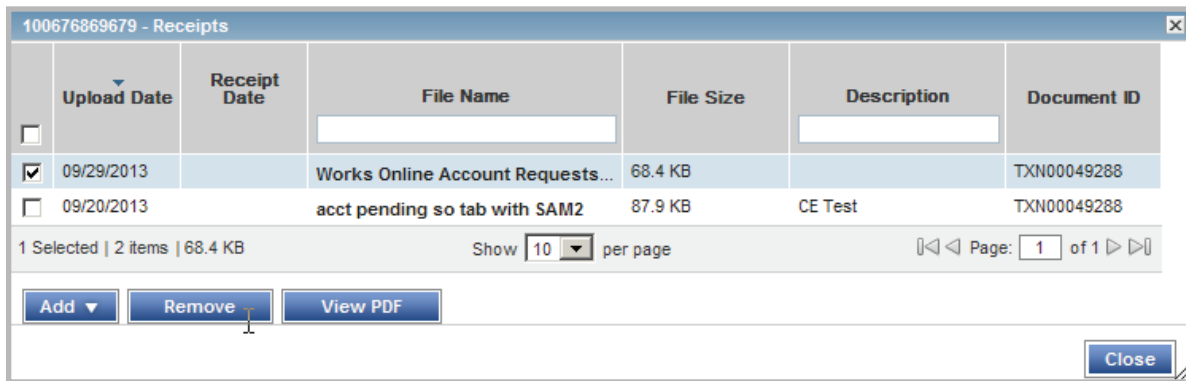
Figure 2: Select Receipt Image to be Removed

4. Click **Remove**.

5. Click **Ok**. A confirmation message displays.

This completes the procedure.

   Notes:

   ▪ Removing an attached uploaded receipt image from a transaction, reimbursement request, or expense report may also be performed from the Transaction Details, Reimbursement Details or Expense Report Details screens.

   ▪ Faxed receipt images cannot be removed from Expense Reports.

Works®

Viewing Stored Receipt Images

Need help?

Please contact your Program

Administrator for assistance.

Introduction

This section provides the information needed to view stored receipt images in Works®. Users may view stored receipt images in their Receipts storage queue and can select to view stored receipt images in a PDF version to utilize PDF formatting features.

Procedure

To view a stored receipt image, complete the following:

1. Click **Expenses** > **Receipts.** The Receipts screen displays a list of unattached receipt images.

   Note: To view all receipt images, clear the check from **Show unattached receipts only**.

2. Click the desired **File Name**. The receipt image displays (Figure 1).

   Note: To view the receipt image in the PDF version, click **View PDF**. The receipt image displays.
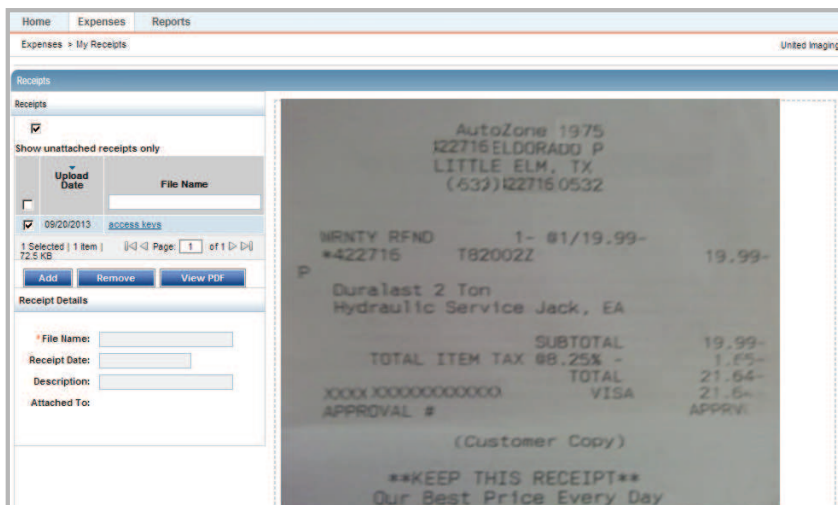
Figure 1: Receipts **-** View Receipt Image

This completes the procedure.

Works®

Uploading and Attaching a Receipt Image to a Payable Document or an Expense Report

Introduction

This section provides the information needed to upload a new image from your desktop or a stored receipt and attach to a transaction, reimbursement request or an Expense Report in Works®. Instructions to add faxed receipt images to an expense report are also included.

Note:

- ▪ Receipt Image uploads must be performed one at a time.
- ▪ Each uploaded receipt image must be less than one MB to upload.
- ▪ Your individual organization is considered the primary data owner. Therefore, you are responsible for maintaining original receipts.

Procedures

To upload a receipt image from your desktop into Works or attach a stored receipt and attach it to a transaction, reimbursement request or an Expense Report, complete the following:

1. Complete **one** of the following:

To...	Then...
Upload a receipt image and attach it to a transaction/or reimbursement	a. Click **Expenses** > **Transactions/or Reimbursements** > **Accountholder**. Transactions Pending Sign Off display. For Reimbursements, the Draft queue displays. **Note**: To select transactions or reimbursements in another queue, click the desired transactions/ or reimbursements tab. b. Click **Document** of the transaction/or reimbursement associated with the receipt image. The single-action menu displays. c. Go to step 2.
Upload a receipt image and attach it to an expense report	a. Click **Expenses > Expense Reports** > **Owner.** b. Click the desired **Expense Report Name**. The single-action menu displays. c. Go to step 2.

2. Select **Manage Receipts.** The Receipts screen displays (Figure 1).
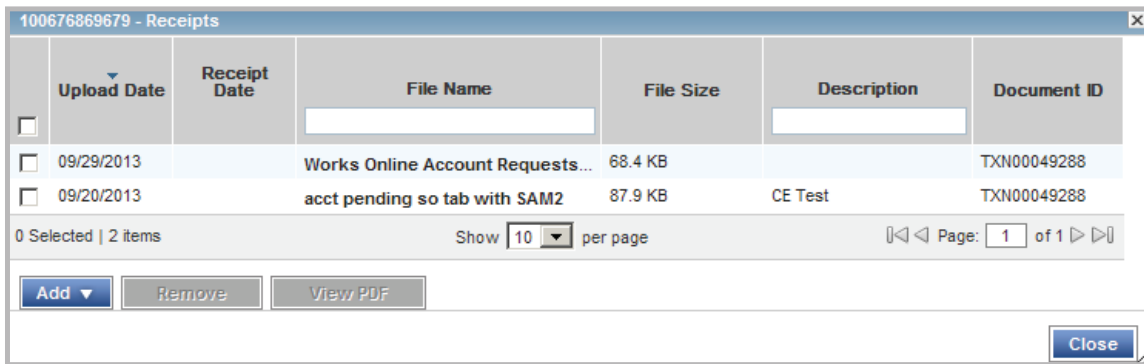
Figure 1: Receipts Screen

3. Click **Add**. A drop-down menu displays.

4. Complete **one** of the following:

To...	Then...
Attach a New Receipt	a. Select **New Receipt**. The **Add Receipt** window displays (Figure 2).
	b. Click **Browse** to locate the receipt image you wish to upload.
	i. Select the desired receipt image.
	ii. Click **Open**. The file name displays in **File to Add**.
	c. Click the calendar to enter a **Receipt Date**.
	d. Enter a **Description** in the box.
	e. Click **OK**. A confirmation message displays.
	This completes the procedure.
Attach a Stored Receipt Image	a. Click **Stored Receipt**.
	b. Select a receipt from the list that displays.
	c. Click **OK**. A confirmation message displays.
	This completes the procedure.
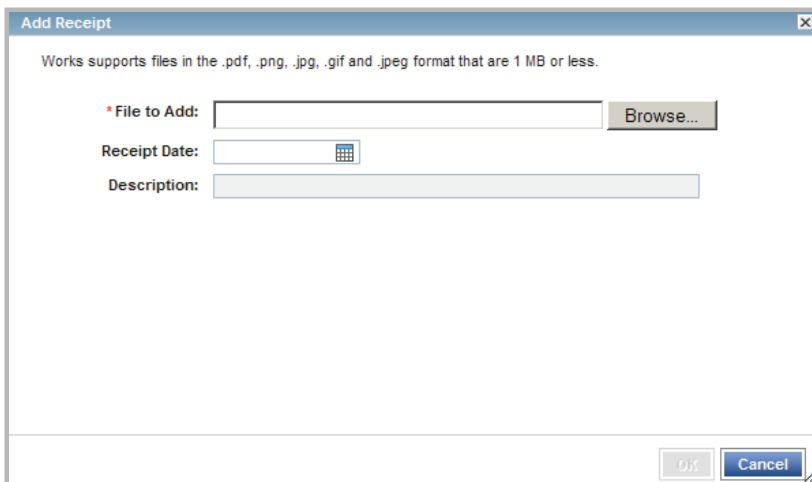
Figure 2: Add Receipt Window

Adding Faxed Receipt Images to an Expense Report

Users can add faxed receipt images to expense folders for up to 60 days after an expense folder is created.

When faxing receipts, users should attempt to fit as many receipts on a page as possible to maximize storage space. The system has a limit of 50 pages per fax. If a user needs to fax more than 50 pages, they will need to separate it into multiple faxes using the same cover sheet with barcode.

Generally receipts are visible in Works in approximately 90 minutes or less. If a receipt image in not visible in Works within 24 hours, the user should re-fax.

A confirmation or failure email is sent within one business day regarding the status of the faxed submission. If the user does not receive an email from Works regarding their fax, they should resend the fax cover page along with the receipts again to the number provided on the Fax Cover sheet.

Note: Your individual organization is considered the primary data owner, therefore, you are responsible for maintaining original receipts.

To add faxed receipt images to an Expense Report, complete the following:

1. Click **Expenses** > **Expense Reports** > **Owner.**

2. Click the desired **Expense Report Name.** The single-action menu displays.

3. Select **Add Faxed Receipts**. The Works Receipts Fax Cover Page displays (Figure 3).
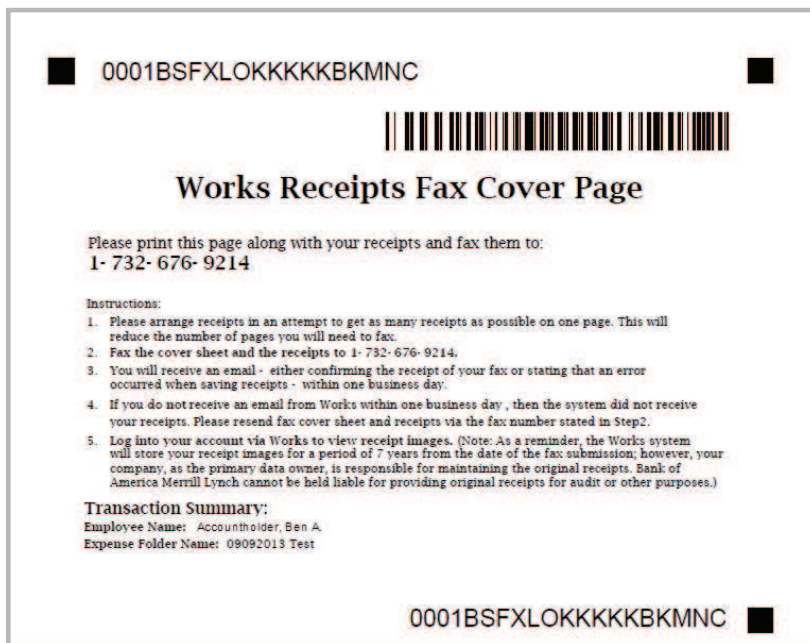
Figure 3: Works Receipts Fax Cover Page

4. Print the **Fax Cover Page**.

5. Fax the **Fax Cover Page** with receipts to the fax number provided on the Fax Cover Page. Refer to detailed instructions provided on the Fax Cover Page.

   Note: Do not write on the fax cover sheet because writing may interfere with the success of the capture and loading of the image to Works.

This completes the procedure.

Works®

Need help?

Please contact your Program Administrator for assistance.

Viewing Receipt Images Attached to a Payable Document or an Expense Report

Introduction

This section provides the information needed to view the receipt images attached to a transaction, reimbursement request, or an Expense Report.

Procedures

To view the receipt images attached to a transaction or reimbursement request, complete the following:

1. Click **Expenses > Transactions/or Reimbursements > Accountholder**. Transactions Pending Sign Off display. For Reimbursements, the Draft queue displays.

   Note: To select transactions or reimbursements in another queue, click the desired transactions or reimbursements tab.

2. Click **Document** of the transaction/or reimbursement associated with the receipt image. The single-action menu displays.

3. Select **Manage Receipts**. The Receipts screen displays (Figure 1).
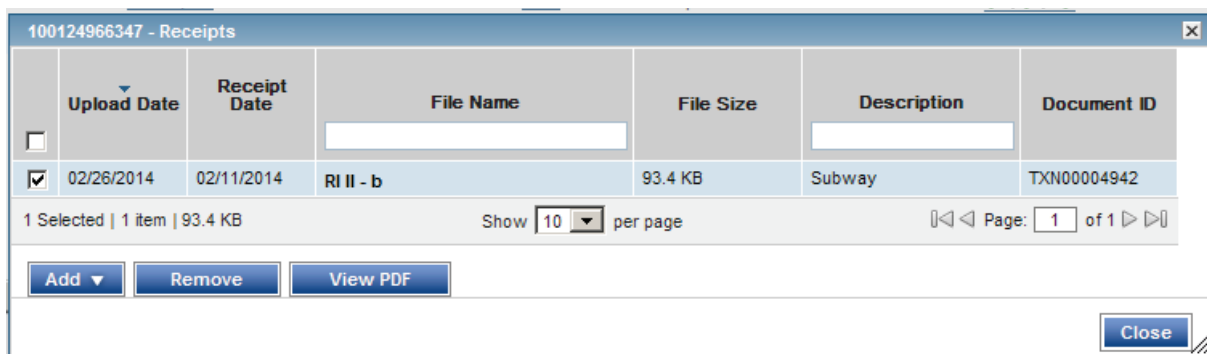
Figure 1: The Receipts Screen

4. Complete one of the following:

To...	Then...
View receipt image	a. Click the **File Name** to view a receipt image.
	b. Click **View Receipt** from the menu that displays. The Receipt Image displays.
View receipt image in PDF format	a. Select the check box for the desired **File Name**.
	b. Click **View PDF.** The receipt image displays in a PDF format.

Note: You may also view receipt images on the Transaction Detail and Reimbursement Detail screens from the Receipts tab. Click the **File Name** to view a receipt image.

This completes the procedure.

Viewing Receipt Images Attached to an Expense Report

Users can view receipt images that have been uploaded or faxed and attached to an expense report from the Receipts table on the Expense Report Details screen.

To view the receipt images attached to an expense report, complete the following:

1. Click **Expenses** > **Expense Reports** > **Owner.**

2. Click the desired **Expense Report Name**. The single-action menu displays.

3. Select **View Full Details**. The Expense Report Details screen displays (Figure 2).
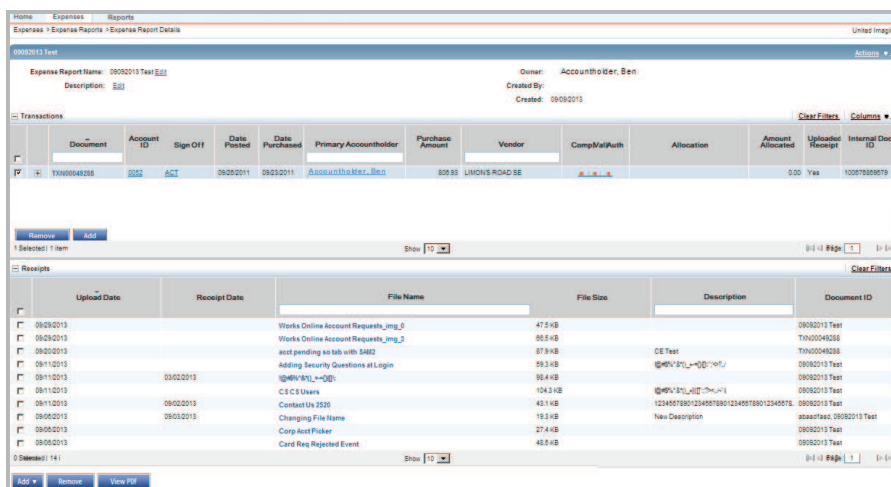
Figure 2: Expense Report Details - Receipts Table

4. Click the **File Name** in the Receipts table to view the receipt image.

5. Click **View Receipt** from the menu that displays. The Receipt Image displays.

     Note: To view a receipt image in PDF format, select the check box of the desired **File Name,** and click **View PDF**.

This completes the procedure.

City of Fayetteville
North Carolina

OFFICE OF INTERNAL AUDIT

MEMORANDUM

October 26, 2017

TO: Audit Committee Members

FROM: Elizabeth Somerindyke, Internal Audit Director

RE: Quarterly Management Implementation Status Report

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

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

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

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

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2017 - 2018 (1st Quarter)

Audit Title	Date Released	Accepted	Implemented	Partially Implemented	Not Implemented
Title and Registration A2016-04	March 2016	1	1	1	0	0

Audit Title	Date Released	Accepted	Implemented	Partially Implemented	Not Implemented
Title and Registration A2016-04	March 2016	1	1	0	0
Permitting and Inspections A2016-02	October 2016	35	35	32	3	0
City-wide Travel and Training A2017-01	January 2017	3	3	2	1	0

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date

	Recommendation	Management Response	Management Follow-up Response - October 26, 2017	Management Follow-up Response - August 3,, 2017
A2016-04 - Title and Registration				
1	The Office of Internal Audit recommends the Finance Department develop and document policies and procedures to provide proper guidance on title and registration processes, and make these policies and procedures available to all personnel involved in the process to ensure compliance.	We concur. Management is in full agreement with the recommendation. Management will revise the existing procedural documentation to provide clarity and to include the annual renewal process. In conjunction with the revised procedures management will develop a policy to be reviewed and approved by SMT and City Manager. **Implementation Date:** 5/31/2016 **Responsible Party:** Christine Pressley/Ray Oxendine	Accounts Payable created a 12-step procedure for Processing Vehicles and a 6-step procedure for Yearly Registration Update. The Processing Vehicles procedure details the procedure from paperwork receipt from PWC, MVRI creation for each vehicle, MVR619 creation for permanent plates, MVR 615 forms, notarization, copies, DMV interaction, to final filing. The Yearly Registration Update explains the procedure from registration renewal receipt in the mail, to spreadsheet updates, email transmission to PWC fleet personnel and police, and completion of renewal by expiration date. This policy is available in the SOP folder under Finance, Accounts Payable. Attachments Policy Vehicle and Yearly Registration Update.	Accounts Payable created a 12-step procedure for Processing Vehicles and a 6-step procedure for Yearly Registration Update. The Processing Vehicles procedure details the procedure from paperwork receipt from PWC, MVRI creation for each vehicle, MVR619 creation for permanent plates, MVR 615 forms, notarization, copies, DMV interaction, to final filing. The Yearly Registration Update explains the procedure from registration renewal receipt in the mail, to spreadsheet updates, email transmission to PWC fleet personnel and police, and completion of renewal by expiration date. This policy is available in the SOP folder under Finance, Accounts Payable. Attachments Policy Vehicle and Yearly Registration Update.
A2017-01 City-wide Travel and Training				
1	The Office of Internal Audit recommends management update the City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures to include, but not limited to, providing clear and concise guidance on required documentation for registration fees and per diem payments; actual versus per diem for meals and lodging; payment of travel expenditures for one day travel; and payment of mileage on rental cars. The review process should also be improved to ensure employees are only reimbursed for eligible meals, and ensure the most economical and efficient method of travel was utilized, or documented appropriately. In addition, management should ensure all City personnel who travel for City business have a complete, clear understanding and knowledge of not only the travel and training policy, but all polices applicable to travel and training expenditures. Management should develop a process to monitor travel expenditures to include prior approvals, advances, after travel reporting and ensure travel expense reconciliations are completed and reviewed.	The Travel and Training Policy will be updated to address audit recommendations. To ensure that travel expenditures are in compliance with policies Accounts Payable staff will work with Departmental staff as needed. Training on processes and procedures will be offered. Accounts Payable staff will increase efforts to monitor travel documents for compliance. **Implementation Date:** 4/1/2017 **Responsible Party:** Ray Oxendine, Treasurer	Implemented: The Travel and Training Policy has been updated and approved on April 4, 2017. Accounts Payable staff will continue to work with Departmental Staff to ensure that expenditures are in compliance with new policies. Accounts Payable staff will train new employees and offer updated training for other Administrative Assistants as requested. Implemented: New travel forms have been developed and will help in identifying non-compliance and ensure accuracy in reporting. Both the Accounts Payable Supervisor and Treasurer are now reviewing and approving pre-travel and after travel documents for compliance with updated policies.	Implemented: The Travel and Training Policy has been updated and approved on April 4, 2017. Accounts Payable staff will continue to work with Departmental Staff to ensure that expenditures are in compliance with new policies. Accounts Payable staff will train new employees and offer updated training for other Administrative Assistants as requested. Implemented: New travel forms have been developed and will help in identifying non-compliance and ensure accuracy in reporting. Both the Accounts Payable Supervisor and Treasurer are now reviewing and approving pre-travel and after travel documents for compliance with updated policies.

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date

	Recommendation	Management Response	Management Follow-up Response - October 26, 2017	Management Follow-up Response - August 3, 2017
2	The Office of Internal Audit recommends management review and update the City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures to include, but not limited to, ensuring the policy provides clear, concise guidance on acceptable lodging rates; customary tips; baggage fees; preferred seating; carpooling; late registration fees and travel agent fees. In addition, training specific to travel and training expenditures should be required, and management should dedicate the appropriate resources and time to ensure proper training for department personnel.	The Travel and Training Policy will be updated to address audit recommendations. Resources will be reviewed to ensure they are used in the most cost- effective manner. Training on processes and procedures will be offered. Accounts Payable staff will increase efforts to monitor travel documents. **Implementation Date:** 4/1/2017 **Responsible Party:** Ray Oxendine, Treasurer	Implemented: The Travel and Training Policy has been updated to address audit recommendations. Updated Travel Policy ensures that resources are used in a more cost effective manner. We now have at least 2 employees reviewing pre-travel and after travel documents to ensure accuracy and compliance with updated policies.	Implemented: The Travel and Training Policy has been updated to address audit recommendations. Updated Travel Policy ensures that resources are used in a more cost effective manner. We now have at least 2 employees reviewing pre-travel and after travel documents to ensure accuracy and compliance with updated policies.
3	The Office of Internal Audit recommends the Finance Department update the procedures to clearly explain what amounts should and should not be included as taxes in JD Edwards and provide an explanation on why out of state sales tax and other ineligible taxes and fees should be treated differently than North Carolina sales tax. Management should ensure personnel are trained on the updated procedures. The Finance Department should review all sales and use tax related transactions for the fiscal year 2017 to determine if the correct amount has been properly coded as an expenditure or sales tax. In addition, proper adjustments should be made to the annual North Carolina sales and use tax refund request to ensure any out of state sales tax and other ineligible amounts are not included in the refund request.	When notified of new hires the Finance Accounts Payable staff will provide training and copies of an Accounts Payable manual updated to include issues identified in Finding #3. Training will include voucher entry procedures on coding invoice sales and use tax in JD Edwards. Our goal is to clearly identify proper coding for in-state and out-of-state taxes and amounts that are not eligible for recording in JD Edwards. Refresher training sessions will be scheduled and conducted as necessary with departmental Office and Administrative Assistants. The sessions will include a discussion on why out of state sales tax and other ineligible taxes and fees should be treated differently than North Carolina sales tax. The Treasurer and Accounts Payable staff will keep abreast of changes related to sales tax reporting and reimbursement with the State Department of Revenue. Accounts Payable staff will review all sales and use tax transactions for fiscal year 2017 to determine if coding errors have occurred and to post adjusting entries if applicable. **Implementation Date:** 4/1/2017 **Responsible Party:** Ray Oxendine, Treasurer	Partially implemented: The Treasurer and Accounts Payable staff will attend seminars on sales tax reporting and access Department of Revenue website for updated sales tax information or changes to sales tax legislation. Accounts Payable staff is reviewing FY 2017 transacitons for coding errors and are making adjustments if needed. When notified of new hires, Accounts Payable staff will offer training and provide a copy of the Accounts Payable updated procedures. An appointment should be made by Departmental personnel to schedule training at the Accounts Payable Department. Training will continue until the employee is comfortable with travel procedures and processes. For Administrative Assistants training is available on an as needed basis. Accounts Payable staff is always available by email or telephone for questions, information or other requests.	Partially implemented: The Treasurer and Accounts Payable staff will attend seminars on sales tax reporting and access Department of Revenue website for updated sales tax information or changes to sales tax legislation. Accounts Payable staff is reviewing FY 2017 transacitons for coding errors and are making adjustments if needed. When notified of new hires, Accounts Payable staff will offer training and provide a copy of the Accounts Payable updated procedures. An appointment should be made by Departmental personnel to schedule training at the Accounts Payable Department. Training will continue until the employee is comfortable with travel procedures and processes. For Administrative Assistants training is available on an as needed basis. Accounts Payable staff is always available by email or telephone for questions, information or other requests.

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date

	Recommendation	Management Response	Management Follow-up Response - October 26, 2017	Management Follow-up Response - August 3, 2017
2016-02A Permitting and Inspections				
1	Permitting and Inspections management should perform a self-assessment of internal controls. Once risk areas are identified, steps should be taken to correct control deficiencies so departmental objectives are achieved and departmental responsibilities are met. Identifying risks and implementing control procedures will not protect assets and produce reliable information if personnel are not following established procedures. To ensure that controls are effective, Permitting and Inspections management should regularly review available documentation to confirm controls are being executed as designed. All documentation should be reviewed and signed off on by a supervisor to ensure completeness and accuracy. In addition, the self-assessment of internal controls should be performed periodically to address additional control deficiencies as they arise.	Workflow processes will be mapped and application-specific permitting procedures will be identified and placed in a checklist format that will be included in a manual of standard operating procedures. Weekly testing by the Building Official, Inspection Supervisors, and the Senior Administrative Assistant will be conducted and documented to identify any risk areas and to correct control deficiencies. Follow-up training will be provided in areas where control problems are identified. *As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.* **Implementation Date:** 6/30/2017 **Responsible Party:** Building Official; Senior Administrative Assistant	Much of the work on this item has been completed. A quality review process has been developed and implemented as part of internal control improvement. The final piece of this recommendation that is underway is identifying risks and outcomes. Any deficiencies found as part of the workflow process will be addressed and corrected. **Revised Implementation Date: 6/30/2018**	This recommendation has not been implemented as of April 10, 2017 but work continues to progress toward its implementation by the established deadline. In an effort to ensure success, P&I reduced and simplified the permit types. Secondly, an agile testing methodology will be used to receive immediate and accurate feedback from the customer. Lastly, enhanced user training is being conducted, which will allow the customer to make system corrections.
2	Written policies for the Permitting and Inspections Department should be developed to set forth requirements; to ensure consistency and reliability of information; provide adherence to laws and regulations, and include provisions for performance measure collection, calculation, review and reporting. The procedures should be updated and include sufficient information to allow an individual who is unfamiliar with the operations to perform the necessary activities. Policies and procedures should be revised to account for any changes in business processes. This is particularly important when new systems are developed and implemented or other organizational changes occur.	A comprehensive review of the existing Standard Operating Procedures for both the Permitting and Inspections divisions is currently underway because of major adjustments to procedures and work flows resulting from a substantial effort to simplify procedures and to more fully implement Cityworks, including the scheduling and online permit application functions. Upon completion of the review and revisions, each division's procedural manuals will include step-by-step instructions and resources in order for existing and new staff to effectively perform their daily functions. This effort will take some time as it will require coordination with two vendors, in addition to multiple departments. Similarly, departmental policies will be developed in conjunction with this effort to govern issues identified in this Compliance Audit in Recommendations 1, 3 7, 9, 16, 20, 22, 26, 29, 31 and 32. The ultimate plan will be to expand this initiative to the inter-departmental level, with policies and procedures in place in order to provide consistent and positive customer service that is seamless across departmental lines. This will be pursued after the development of department policies and procedures and is not considered a direct response to this Audit. *As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.* **Implementation Date:** 6/30/2017 **Responsible Party:** Senior Administrative Assistant (for Permitting); Building Official (for Inspections)	The practices and procedures of the Permitting and Inspections Department have been reviewed. As a result, several written policies have recently been implemented. This effort is ongoing as work proceeds to incorporate the policies and procedures with the intergration of the CityWorks permit process. **Revised Implementation Date: 3/31/2018**	This recommendation has not been implemented as of April 10, 2017 but work continues to progress toward its implementation by the established deadline. In an effort to ensure success, P&I reduced and simplified the permit types. Secondly, an agile testing methodology will be used to receive immediate and accurate feedback from the customer. Lastly, enhanced user training is being conducted, which will allow the customer to make system corrections.

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date

	Recommendation	Management Response	Management Follow-up Response - October 26, 2017	Management Follow-up Response - August 3, 2017
3	Permitting and Inspections management should take specific measures to comply with records retention rules as governed by North Carolina General Statutes, North Carolina State Building Code; North Carolina Department of Cultural Resources Records Retention and Disposition Schedule, Fayetteville City Code, and City of Fayetteville Policies. Procedures should be outlined for retaining all supporting documentation and where the documentation will be kept taking into account records retention rules. Cityworks electronic files should be updated to include all available documentation not yet attached to a permit file within the system.	A departmental policy has been drafted to provide clear guidance to all staff members with regard to relevant records retention matters. Documentation of records retention will be consistent with State law and City policy and will be managed by the Senior Administrative Assistant. Permission to utilize digital records as the primary method of retaining documents for building permit applications, building permits, construction plans, and associated correspondence will be sought from the NC Division of Cultural Affairs. Assuming permission is granted, hardcopy applications, plans, and correspondence will be retained in Permitting and Inspections Department files until testing confirms the security and accessibility of digital records in the Cityworks system and/or the records retention dates are exceeded. If permission is not granted by the NC Division of Cultural Affairs for digital records retention, hardcopy files will be retained in Permitting and Inspections Department files or in remote file storage in accordance with departmental policy. *As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.* **Implementation Date:** 6/30/2017 **Responsible Party:** Senior Administrative Assistant	This recommendation has been implemented. A total of 29 standard building inspection catagories have been identified. Each category list the disposal instructions and guidelines. A copy has been provided to Inspections Department staff with a review of the information.	This recommendation has been implemented. A total of 29 standard building inspection catagories have been identified. Each category list the disposal instructions and guidelines. A copy has been provided to Inspections Department staff with a review of the information.
4	To ensure compliance with the Fayetteville City Code, senior management should consider reorganizing the structure of the Permitting and Inspection and the Planning Services and Code Enforcement Departments so the Permitting and Inspections Director oversees all matters related to interpretation and enforcement of North Carolina State Building Code, to include (if applicable) zoning, building plan review, permits, inspections and code enforcement, as provided in the Fayetteville City Code.	The NC Building Code must be interpreted by someone certified to perform such interpretations, but this training may not qualify the individual to manage the enforcement of City codes regarding code enforcement and zoning. We believe it is imperative that the management of these related functions should be centralized to enhance customer service but such centralization may not be best handled through the structure proposed by Internal Audit due to the complex nature of the various laws and codes. Once a determination is made regarding reorganization, the PCE Director will take responsibility for amending the City Code as needed to reflect the organizational structure as necessary. As of November 15, 2016, departmental personnel will coordinate all NC Building Codes through the City's Building Official. A review of the City's entire development review process will be conducted on the organizational structure and an implementation of the recommendation is anticipated to be completed in early 2017 with the FY18 budget. **Implementation Date**: 6/30/2017 **Responsible Party**: City Manager	This recommendation has been implemented with the exception of of the departmental name change. The budget adopted on June 26th realigned the Inspections Department. Since the adoption of the budget was in June, this update could not be completed with the other changes in Chapter 7 adopted by City Council in May. All other changes were adopted. In particular, the action ensuring the Permitting and Inspections Director oversees all matters related to interpretation and enforcement of North Carolina State Building Code. **Revised Implementation Date: 8/31/2017 The City Council adopted the departmental name change on September 11, 2017.**	This recommendation has been implemented with the exception of of the departmental name change. The budget adopted on June 26th realigned the Inspections Department. Since the adoption of the budget was in June, this update could not be completed with the other changes in Chapter 7 adopted by City Council in May. All other changes were adopted. In particular, the action ensuring the Permitting and Inspections Director oversees all matters related to interpretation and enforcement of North Carolina State Building Code. **Revised Implementation Date: 8/31/2017**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date

	Recommendation	Management Response	Management Follow-up Response October 26, 2017	Management Follow-up Response - August 3, 2017
5	Permitting and Inspections personnel should ensure compliance with the Fayetteville City Code Chapter 7, Building Code, Part II, Article III Enforcement, Section 7-62(a)(1) Permits Required, by requiring a bond be posted at the time of demolition permit application. Additionally, the City Code should be updated to define the amount of the bond, whereas; currently the amount is defined as "good and sufficient". However, if Permitting and Inspections management determine bonding requirements for demolition permits are not required as provided in the Fayetteville City Code Chapter 7, Building Code, Part II, Article III Enforcement, Section 7-62(a)(1) Permits Required, then the Fayetteville City Code should be updated to reflect current requirements.	The City Code provides for a requirement that is no longer generally needed. Small-scale demolitions are currently managed through contracts that require the contractor to carry liability insurance sufficient to cover any claims that result. We will propose revising the City Code to delete the bonding requirements except in unusual circumstances, such as where the structure to be demolished shares a common wall with another structure or for larger projects that go through the formal bid process. **Implementation Date:** 4/30/2017 **Responsible Party:** Planning and Code Enforcement Director	This recommendation has been implemented with the amendment to Chapter 7 by City Council on May 8th. The amendment added the provision "and/or liability insurance may be required to be posted by the property owner or the contractor" Typically, contractors who do demolition work have sufficient liability insurance to cover any claim. However, Permitting & Inspections may require a bond where they deem a bond is needed. A policy has been developed to incorporate the ordinance change outlining when liability insurance is adequate and when a bond may be needed. Training on the ordinance change and the new policy will begin immediately.	This recommendation has not been implemented as of April 10, 2017 but work continues to progress towards its implementation by the established deadlines. Staff has developed a comprehensive update for Chapter 7 (Building Code) to address these issues. It has been presented to City Council and has been referred to the Audit Committee for review. In the interim, staff is using the State Administrative Code to carry out its statutory duties where conflicts exist between the City Code and the State Building Code.
6	Internal Audit recommends the Permitting and Inspections Department work with the Information Technology Department to develop and implement a process to ensure certificates of occupancy/compliance are not issued prior to all inspections being documented as finalized. Permitting and Inspections management should also streamline and automate documentation for certificate of occupancy and certificate of compliance and encourage appropriate utilization of automated resources to promote efficiency and accountability in the inspection approval process for temporary and final certificates of occupancy and certificates of compliance.	While report creation is part of the Information Technology Department's top priorities for Cityworks "fixes," locking out the report is a customization that will require additional funding to complete. Information Technology has completed the process of watermarking the reports in question with a watermark that says INVALID if the report is printed before all the required inspections, payments, or documents are completed. *As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.* **Implementation Date:** 11/30/2016 (workaround) TBD ultimate resolution **Responsible Party:** Information Technology Information Manager	This recommendation has been implemented. The IT Department has programmed CityWorks to mark "INVALID" on all certificate of occupancy/compliance if the report is printed before all required inspections, payments, or documents are completed.	This recommendation has been partially implemented as of April 10, 2017 and work continues to progress towards its implementation by the established deadlines. As of 11/30/2016 all certificates of occupancy and certificate of compliance that are printed prior to final inspections being completed are watermarked with the word INVALID across them. In the case of temporary certificate of occupancy's (TCO), IT will determine the capability of flagging the TCO and notifying the owner that it is expiring and the final CO must be issued. The revised comprehensive Building Code will reflect that a designated P&I staff member will sign a TCO or CO. Staff has developed a comprehensive update for Chapter 7 (Building Code) to address these issues. It has been presented to City Council and has been referred to the Audit Committee for review. In the interim, staff is using the State Administrative Code to carry out its statutory duties where conflicts exist between the City Code and the State Building Code.
7	The Permitting and Inspections Department should ensure compliance with North Carolina General Statutes and the North Carolina State Building Code and create formal procedures for the certificate of compliance and certificate of occupancy process.	Management has reached out to the Supervisor of the Code Inspections Section of the Department of Insurance for clarification on this finding. Section 204.8 Certificate of Compliance of the Administration Code gives a guideline for issuing Certificates of Compliance and Certificates of Occupancy. The Inspections Department is meeting all requirements for the issuance of Certificate of Compliance for Electrical, Mechanical, and Plumbing by issuing a final sticker notice that is placed at the jobsite. We also meet the requirements for the issuance of the Certificate of Occupancy for the Building trade. The referenced General Statute was written in 1993 whereas the referenced code sections are updated every three years. **Implementation Date:** 10/5/2016 **Responsible Party:** Building Official	This recommendation was implemented on October 5, 2016 by confirming with the Supervisor of the Code Inspections Section of the Department of Insurance that Permitting & Inspections was meeting all the requirements in regard to the issuance of Certificate of Compliance and Certificate of Occupany. This action includes departmental policies and procedures pertaining to Certificate of Compliance and Certificate of Occupancy.	This recommendation has been implemented effective October 5, 2016.

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date

	Recommendation	**Management Response**	**Management Follow-up Response October 26, 2017**	**Management Follow-up Response - August 3, 2017**
8	Update enforcement actions within Fayetteville City Code to ensure contractors comply with the North Carolina State Building Code.	Management will recommend to the City Council that the City Code be revised to eliminate this section since privilege licenses are no longer required. The Inspections Department uses Section 204.10 Stop Work Orders of the Administration Code to ensure the contractors comply with the Building Code. **Implementation Date:** 4/30/2017 **Responsible Party:** Planning and Code Enforcement Director	This recommendation has been implemented with the amendment of Chapter 7 by City Council om May 8, 2017.	This recommendation has not been implemented as of April 10, 2017 but work continues to progress towards its implementation by the established deadlines. Staff has developed a comprehensive update for Chapter 7 (Building Code) to address these issues. It has been presented to City Council and has been referred to the Audit Committee for review. In the interim, staff is using the State Administrative Code to carry out its statutory duties where conflicts exist between the City Code and the State Building Code. In the interim, staff is using the State Administrative Code to carry out its statutory duties where conflicts exist between the City Code and the State Building Code.
9	Testing performed by Internal Audit in Cityworks revealed deficiencies, whereas, there were areas where Internal Audit was not able to determine compliance with laws and regulations. Therefore, Permitting and Inspections management should consider having a specialized audit of the Cityworks software to ensure the deficiencies revealed in Cityworks are remedied and will provide an adequate level of control, ensure processes are put in place to address controls in which Cityworks is unable to perform, and the software is utilized to its maximum efficiency. The Office of Internal Audit recommends Permitting and Inspections management review the permitting and inspections process to determine key personnel who will have the ability to override the Cityworks system setup by adding, modifying and deleting fees, inspections and permits within Cityworks. Prior to developing and implementing a process related to access controls, Permitting and Inspections management should assess Cityworks setup related to Permitting and Inspection fees and inspection workflows to ensure consistency with current practice while taking compliance to North Carolina General Statutes, the North Carolina Building Code and the Fayetteville City Code into consideration. Alignment of the required processes with the setup in Cityworks should mean that overriding Cityworks setup by adding, modifying and deleting is an exception and not the rule. Permitting and Inspections management should ensure Permitting and Inspections personnel read and understand the *City of Fayetteville Policy # 114 Information Technology Appropriate Usage,* and stress the importance of not allowing others to use their access, and protecting all passwords. In addition, written policies and procedures should be documented on how accesses will be requested, who will approve the access and how access will be removed when it's no longer needed.	While a number of the aspects of this finding have been addressed, the Permitting and Inspections Department will seek assistance from the Information Technology department in order to fulfill this recommendation in its totality. In particular, Information Technology will work with all PLL user areas and Internal Audit Staff to ensure that the necessary controls and permissions are in place. *As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.* **Implementation Date:** 6/30/2017 **Responsible Party:** Senior Administrative Assistant (for Permitting); Building Official (for Inspections); PCE Director (for code changes); Information Technology Director; Assistant and Deputy City Manager	This recommendation is still ongoing. In all, the Audit Team listed 12 items associated with CityWorks where they found deficiencies. A majority of the 12 items have been remedied while work is continuing on producing a daily schedule for the inspectors. This is currently being addressed by IT. **Revised Implementation Date: 6/30/2018**	This recommendation has been partially implemented as of April 10, 2017 and work continues to progress towards its implementation by the established deadlines. Controls have been put in place to not allow users to delete tasks from the workflow. IT has worked with P&I to reconstruct permits and remove unncessary steps in the workflow. Group level control configuration based on permit type will be applied to the new permit types.

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date

	Recommendation	Management Response	Management Follow-up Response October 26, 2017	Management Follow-up Response - August 3, 2017
10	Internal Audit recommends a work quality review program be developed and an adequate number of appropriate quality reviews of all permits and inspections be conducted in a timely manner. Documented results should be maintained and utilized as measures of effectiveness during performance evaluations.	The Senior Administrative Assistant will collect samples of work of a variety of permits issued by the Permitting Technicians on a quarterly basis. The reviews will be to ensure that the Permit Technicians are applying the requested work via the permit application within the generated permit issued by the technicians. The review of fees will also be observed ensuring that fee calculations are correct and applied to the proper revenue account. The Senior Administrative Assistant will also conduct monthly reviews of the cash drawers by randomly choosing dates, and times, to count down cash drawers of Permit Technicians that carry out an open cash drawer. A report of such reviews will be created to serve as backup for future auditing purposes. The Building Official has adjusted Inspections Supervisors workloads to allow for field-checking for work performed by subordinate inspectors. Until Cityworks can be configured to track and report on these field-checks, the Building Official will instruct the Inspections Supervisors to document the inspections which have been checked in a spreadsheet format. Additionally, Inspections Supervisors are providing one-hour weekly training sessions for subordinate personnel (non-inspector personnel also attend these sessions; see management response to Recommendation 13.) *As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.* **Implementation Date:** 11/30/2017 **Responsible Party:** Senior Administrative Assistant (Permitting); Building Official (Inspections)	This recommendation has been implemented with the recently completed work quality review policy. All inspectors will be evaluated monthly on their work product. The policy provides the guidelines for this review. The work review process will help to catch errors before they becomes larger problems. Training and review of the policy is ongoing.	This recommendation has been partially implemented as of April 10, 2017 and work continues to progress towards its implementation by the established deadlines. P&I has implemented quality reviews for all four trades, to be done by supervisors in a timely manner. The application will now allow a manager to conduct a quality review of an inspection. The staff is working with IT to develop and refine existing reports to enhance the reviews. Policies and procedures will be put in place for accountability measures.
11	The Permitting and Inspections Department should establish measurable and achievable performance goals and service standards. Permitting and Inspections management should establish formal processes to collect performance information and provide adequate training to ensure accurate input of the data used to quantify each performance measure. Once appropriate performance information is available it should be used to better inform management for decision-making and should also enable the Permitting and Inspections Department to better manage its operations and determine the appropriate balance between service level and resources.	The Building Official is working with Information Technology's project manager and our Cityworks vendors to develop an accurate and efficient system for gathering reporting information. This information may require adjustment to ensure that accurate, obtainable, and reliable information is measured and that this information represents appropriate performance measurement and service standards. Once these reports are installed in Cityworks, we will be able to analyze workload efficiency and effectiveness performance measures to utilize in management and reporting. The Strategy and Performance Analytics Office will be utilized as a resource moving forward. This initiative is part of Information Technology's priority project list. *As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.* **Implementation Date:** 6/30/2017 **Responsible Party:** Senior Administrative Assistant (for Permitting); Building Official (for Inspections)	This recommendation has been implemented. Permitting & Inspections has collaborated with the Strategy and Performance Analytics Office regarding performance measures. Permitting & Inspections now inputs eight performance items each month into TRACStat. These inputs establish performance goals and service standards.	This recommendation has been partially implemented as of April 10, 2017 and work continues to progress towards its implementation by the established deadlines. P&I is revising performance measures for better definition and clarity and will train staff to capture information to be used in decision making. Staff will meet with homebuilders to gain feedback from them on the measures tracked. A quality inspection task has been added (10/19/2016) to Cityworks and can be added to the workflow at anytime by the supervisors. Once performance measures are established by P&I, IT will work with management to develop the necessary operational performance management reports.

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	Recommendation	Management Response	Management Follow-up Response October 26, 2017	Management Follow-up Response - August 3, 2017
12	The Office of Internal Audit recommends Permitting and Inspections management consult with Information Technology personnel to review the impact on Cityworks regarding this instance and any other changes made by the 2015 update. Any data integrity issues should be reviewed to determine if any data needs 'cleaned' and fix any 'clean up' considered necessary.	This will require a great deal of input and assistance from Information Technology. *As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.* **Implementation Date:** 6/30/2017 **Responsible Party:** IT Project Manager	This recommendation was completed in April 2017, but ongoing work continues to ensure data integrity. A recent example is verifying proper fee calculations regarding any fee changes with the adoption on the FY18 budget.	This recommendation has been implemented. Timmons and IT designed a comprehensive regression test framework that P&I will populate in order to determine data integrity issues that may be the result of software upgrades. Software enhancements will be corrected through new upgrade testing standards, and the permit modification that are currently underway. All permits and reports will be thoroughly tested in the test environment before moving to production. In an effort to ensure success, P&I reduced and simplified the permit types. Secondly, an agile testing methodology will be used to receive immediate and accurate feedback from the customer. Lastly, enhanced user training is being conducted, which will allow the customer to make system corrections.

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	Recommendation	Management Response	Management Follow-up Response October 26, 2017	Management Follow-up Response - August 3, 2017
13	While inspector training may be driven by certification requirements, non-inspector personnel training needs are not. Conduct a personnel training assessment and develop or provide training opportunities to meet the needs identified. Permitting and Inspections management should dedicate the appropriate resources and time to ensure proper training for department personnel. An important part of any training program includes basic product knowledge. Each member of the department should be familiar with the services offered in order to competently satisfy customer needs by providing accurate information and good customer service. Training should also include an understanding of the entire permitting and inspections process and how activities in each area of the Permitting and Inspections Department affect actions taken in other areas both within the department and across other departments. In addition, formal training on the Cityworks software program should be instituted to provide familiarity with the system.	Training for non-inspector personnel will consist of the following training types, to be implemented as funding and operational considerations allow: · Annual training conducted by the Building Official regarding the administrative requirements and standards of the North Carolina Building Code. · Non-inspector personnel currently participate in the weekly one-hour training of inspectors by the Inspections Supervisors. · Periodic non-inspector personnel "ride-alongs" with inspectors to establish familiarity with the practical challenges of construction inspection from the perspective of certified inspectors. · Formal training in the administration of construction permitting through the Certified Permit Technician coursework developed by the NC Department of Insurance. · Continuation of prior training in customer service "soft skills" provided by an outside consultant chosen by the Interim Department Director. In the prior training, each staff member was provided an "Inspector Skills" training guide booklet and a study guide questionnaire. Upon completion of the questionnaire, the consultant held employee training of both inspectors and permitting staff on the related materials. · Cityworks-specific training in the form of online courses, on-site training, and webinars offered by the software integrator and the software developer. · Annual review of relevant City and departmental policies conducted by the Senior Administrative Assistant. · Personnel from the State Licensing Board can be requested to provide periodic training on licensing issues. · The Building Official is compiling a portfolio of photographs illustrating various inspection types that will be used to help familiarize non-inspector personnel with different inspection types. *As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.* **Implementation Date:** 6/30/2017 **Responsible Party:** Interim Permitting and Inspections Director	This recommendation has been implemented. Training on CityWorks is continues as improvements are made to the system. The selection of the Permitting Technician Supervisor and the filling of the vacant Permitting Technician has provided the opportunity to fully train the full Permit section. Other efforts include the review of city and departmental policies, ride-alongs for non inspectors with inspectors in order to understand the work of the inspectors in the field and overall customer service training.	This recommendation has not been implemented as of April 10, 2017 but work continues to progress toward its implementation by the established deadline. Department management is recommending that zoning technicians should receive cross training to assist permit technicians as needed. CityWorks training will be ongoing and consistent to increase familiarity with the program, thereby improving understanding and efficiency. This will include a vendor representative to conduct on-site training for staff, taking place after permit reconstruction is completed.

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14	Permitting and Inspections management should identify the kinds of reporting information needed in order to adequately track and assess the efficiency of the permitting process. Internal Audit recommends Permitting and Inspections management work with the Information Technology Department and/or the software developer to improve standard reports that can be used on an ongoing basis to ensure the information needed to manage the permitting and inspections processes will be available to those charged with the responsibility.	We will perform a comprehensive review of existing policies and procedures and make the necessary adjustments to comply with the purpose and intent of this audit. Reporting will be a component of this initiative. Reporting is part of the Information Technology Department's priority "fix" list. As modifications to the case types, workflows, and data groups are complete, we will be able to develop the necessary reports for daily and management use. _As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued._ **Implementation Date:** 6/30/2017 **Responsible Party:** Information Technology Project Manager	This recommendation has been implemented. New standard reporting forms have been developed as well as existing reports have been improved. Permitting & Inspections has begun regular meetings with customers to review any issues and to provide customer training. A new plan review software is in the process of being implemented that will include other departments.	This recommendation has been partially implemented as of April 10, 2017 and work continues to progress towards its implementation by the established deadlines. IT is working with P&I to create new standard reports as well as modify existing reports to reflect the need of the department. Through the Administrator Report Writing training, the department can now create ad hoc reports to address new efficiency related reports.
15	The Office of Internal Audit recommends Permitting and Inspections management collaborate with all departments involved in the City's permitting and inspections process to develop routine customer training sessions to be held at least annually. These sessions should, at a minimum, cover information within the entire permitting and inspections process which cause the most customer confusion, such as re-inspections and frequently asked questions. In addition, any new laws, regulations, and requirements should be included in the training sessions.	We will coordinate with other departments to establish a program of customer training sessions. There are a variety of existing models to choose from in implementing customer training, including webinars, presentations before trade or homebuilders organizations, and online tutorials to help train our customers. Some of the timing for this initiative will depend upon when the Public Portal and plan review software is implemented by Information Technology. _As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued._ **Implementation Date:** 6/30/2017 **Responsible Party:** Interim Permitting and Inspections Director	This recommendation has been implemented. Permitting and Inspections has undertaken work to inform and collaborate with departments and outside customers regarding permitting and inspection issues. A recent example of this collaboration is the development and adoption of the amendments to Chapter 7 of the City Code and the new Fee Schedule adopted by City Council.	This recommendation has been partially implemented as of April 10, 2017 and work continues to progress towards its implementation by the established deadlines. IT has conducted several user training sessions as well as assisted P&I with process improvement efforts in the creation of new reconstructed permits. IT will continue to assist with future enhanced report writing training.
16	The written policies and procedures recommended in Finding 2 should include practices for closing or otherwise terminating permits that have been abandoned past a certain time threshold as such jobs may require the project to comply with newer, safer building codes and would help protect the public safety. Permitting and Inspections management should continue working with the Information Technology Department and the software developer to implement changes that would update a permit status as it is moved through permitting and inspections processes. Once these changes have been completed and thoroughly tested, the impact on historical information that may occur should be assessed before implementing such changes.	The Information Technology Department is currently working on implementing an automated expiration process for permits that have not received an inspection within six months or that exceed the expiration date after issuance of the permit. Until the automation of expiring permits is implemented, the Permit Technicians are able to query a report to manually expire permits, as well as, export an excel report capturing the number of cases that were manually expired per Permit Technician. The Senior Administrative Assistant will draft a written procedure and policies as set forth in the recommendation and for compiling data for performance measuring purposes. _As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued._ **Implementation Date:** 11/30/2017 **Responsible Party:** Senior Administrative Assistant	This recommendation has been implemented. A report can be run on CityWorks that identifies unresolved permits. The contractor responsible for each unresolved permit will be contacted regarding the status of the permit. Should a contractor complete the job without an approved permit steps will be taken to resolve the permit to include notifying the proper licensing board regarding the contractor's failure of obtaining an approved permit. This practice has been developed into a written policy outlining the steps required.	This recommendation has been partially implemented as of April 10, 2017 and work continues to progress towards its implementation by the established deadlines. Automatic expiration has been implemented after six months with no inspections performed. Any permit that is 6 months old with no scheduled inspection expires and a notice is sent to the customer 1 month prior to the expiration date and again on the expiration date. If a permit has a scheduled inspection, the expiration date is extended to 1 year from the date of the inspection.

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	Recommendation	Management Response	Management Follow-up Response October 26, 2017	Management Follow-up Response - August 3, 2017
17	Allowing permits to expire should not be an easy method to avoid inspection and circumvent established controls. Permitting and Inspections management should establish controls to ensure failed inspections are followed to conclusion so the permit holder and/or contractor seek and receive final approval of the project.	Cityworks procedure changes are necessary to effectuate compliance with this finding. Permits that have not had an inspection within 6 months will be automatically expired and the status changed to Closed - Expired. An email will be sent to the applicant 30 days prior to the expiration and then again up on expiration. If a permit has had at least one inspection, the permit expiration will be extended for 12 months in keeping with the NC Building Code. This feature is currently in test and will be moved into production shortly.	This recommendation has been implemented. Section 7-68 of the City Code was amended by changing the expiration of permits from 60 days to 6 months from the date of issuance if the work authorized by the permit has not commenced. This change aligns the code with North Carolina General Statutes. CityWorks identifies permits that have not received an inspection prior to the six month timeline and permits that had an inspection but no follow-up inspections in twelve months. This information is used to notify permit holders that their permit is nearing termination.	This recommendation has been partially implemented as of April 10, 2017 and work continues to progress towards its implementation by the established deadlines. As of 11/1/2016, Permits follow the city code and expire accordingly; in addition, 30 days prior to the expiration an email notice is sent to the contractor/owner notifying them that their permit will expire in 30 days and to call the city. On the day the permit is expired an email notice is sent to the contractor/owner notifying them that their permit has expired and to contact the city.
	The Cityworks software should be configured to automatically expire permits based on specific criteria. A risk assessment should be prepared before permits within Cityworks are automatically expired, whereas, implementing this program could have a significant impact on permits.	Staff will propose revisions to the City Code to ensure compliance with the NC Building Code.		Staff has developed a comprehensive revision for Chapter 7 (Building Code) to address these issues. It has been presented to City Council and has been referred to the Audit Committee for review. In the interim, staff is using the State Administrative Code to carry out its statutory duties where conflicts exist between the City Code and the State Building Code.
	A report should be created and run at some stated interval to resolve expired permits and impose a terminal status of EXPIRED. Some consideration should also be given to sending a notice to the permit holder advising of the expiration of the permit due to lack of activity and giving the permit holder an opportunity to respond.	*As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.*		
	Permitting and Inspections personnel should ensure compliance with the Fayetteville City Code Chapter 7, Building Code, Part II, Article III Enforcement, Section 7-68, Time Limitations on Validity of Permits, by expiring permits 60 days from issuance if the work authorized by the permit has not been commenced or update the Fayetteville City Code to be consistent with the North Carolina State Building Code requiring the time limitation for a permit to expire as six months after the date of issuance if the work authorized by the permit has not been commenced.	**Implementation Date:** 4/30/2017 **Responsible Party**: IT Project Manager for permit expiration notices; Planning and Code Enforcement Director for changes to City Code.		

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	Recommendation	Management Response	Management Follow-up Response October 26, 2017	Management Follow-up Response - August 3, 2017
18	Permitting and Inspection management should coordinate with the Information Technology Department and/or the software developer to develop controls within Cityworks to verify the correct PIN is present on permit records. Should Cityworks not have this capability, Permitting and Inspections management should develop mitigating controls to ensure the validity of PIN's during the review and approval process for permit applications. In addition, Permitting and Inspections management should develop a process for consistent and accurate input of address information and work with the Information Technology Department and/or the software developer to fully integrate the GIS mapping function within Cityworks. In the interim it may be beneficial to enter information in the "Notes" section of a permit to indicate that the address will not match the County records and why. Thorough testing of all upgrades should be performed to ensure the product is performing at an acceptable level to achieve departmental goals.	Cityworks procedure changes are necessary to effectuate compliance with this finding. Permitting and Inspections will require considerable assistance from Information Technology in the testing of Cityworks upgrades. This was an issue that was discussed during a December meeting and there was no clear resolution because the GIS Data that contains the PIN information is provided by Cumberland County GIS because the Register of Deed and the County GIS use different systems. The update from the Register of Deed to the County GIS is not always as timely as the city would like it. City and County GIS have been working together to resolve this, the city receives a nightly update from the county, and as long as the Register of Deed has updated County GIS then the City GIS and Cityworks will be correct. City GIS also has a GIS Road Map project to develop a collaborative GIS Environment with the county to help with this. *As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.* **Implementation Date:** 6/30/2017 **Responsible Party:** Chief Information Officer	This recommendation was implemented in February 2017. There have no issues regarding addresses in the intervening five months since this issue was resolved.	This recommendation has been implemented (02/09/2017). This has been addressed and tested. We are receiving the most current data from the County. There is also a larger project that is part of the GIS Roadmap project to develop a shared GIS environment with County and PWC that would ensure that the data is always current.
19	The Office of Internal Audit recommends Permitting and Inspections management review the existing Fee Schedule to determine whether enhancements would provide additional transparency and clarity for citizens and contractors. In addition, Permitting and Inspections management should ensure consistency among the permit application, Fayetteville City Code and the Fee Schedule.	Management is currently reviewing the permit fees and the permit applications for all four trades. Once we have corrected our fee schedule and permit applications, we will write the policy and procedures to make sure all permits are accurately issued and valued. **Implementation Date:** 6/30/2017 **Responsible Party:** Building Official	This recommendation has been implemented. The City Council adopted the Permitting & Inspections Fee Schedule when they adopted the budget on June 26, 2017.	This recommendation has been partially implemented by April 10, 2017 but work continues to progress toward its implementation by the established deadline. P&I department has restructured the fee schedule as it relates to permitting. This will correct several findings in the audit and will be presented to Council for their approval prior to the budget requirements. P&I management have contacted the stakeholders to provide information on the revised fee schedule and incorporated the feedback received, much of which was positive. A compromise was reached concerning unheated space in single family residences.

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	Recommendation	Management Response	Management Follow-up Response October 26, 2017	Management Follow-up Response - August 3, 2017
20	Permitting and Inspections management should determine if Cityworks has the capability to provide reports by subsidiary ledger for fees charged to customers, which could be used to reconcile to the City's general ledger. Permitting and Inspections management should develop written procedures which should be followed to ensure a documented reconciliation between the amounts billed/refunded in Cityworks and actual revenue posted in the general ledger is performed at regular intervals. The reconciliation should be completed with verification of the balances by a second authorized individual including initialing and dating reports to document a review and reconciliation was performed. In addition, Permitting and Inspections management should develop written policies and procedures to document the process and the importance of closing the POS register nightly. Once these processes are established, Permitting and Inspections management should ensure personnel are adequately trained on them.	There is a lack of integration between the accounting software programs that the City uses that requires manual procedures to reconcile revenues across Cityworks, JDE, and the Point of Sale program. The reconciliation process of this report is completed by the Senior Administrative Assistant and, upon completion of the reconciliation, the Senior Administrative Assistant records her signature and has an employee unassociated with cash handling, approve the reconciliation report. The Senior Administrative Assistant will develop written procedures on the processes of this reconciliation procedure. The Permit Technicians have previously trained on the reset procedures of the Point of Sale cash drawers. A draft procedure on "Reconciliation Cash Drawers" has been prepared for review and approval by the Interim Permitting and Inspections Director. Compliance with these procedures will be included as a performance measure. **Implementation Date:** 6/30/2017 **Responsible Party:** Senior Administrative Assistant	This recommendation has been implemented. The reconcilation process with CityWorks is ongoing as system improvements are made. Permitting and Inspections has developed written procedures that address payment procedures and Point of Sale issues. Training on the policy and procedures will occur on a regular basis and will be documented to ensure compliance.	This recommendation has been partially implemented by April 10, 2017 but work continues to progress toward its implementation by the established deadline.Sr. Admin. Staff has begun the reconciliation reports with completion of the months of Oct./Nov. and up to date on Dec. 2016. IT has enhanced reports to show refunds. Policies and procedures will be written and implemented by June 30, 2017. Pending for July, Aug, Sept reconciliations.
21	Permitting and Inspections personnel should ensure, when submitting payment to the North Carolina Licensing Board on a quarterly basis, that correct amounts are submitted based on a reconciliation of information in Cityworks and the general ledger. Any Homeowner Recovery Fund fee refunds should be taken into consideration when completing the reconciliation.	The Information Technology Department created a new Account Payables subsidiary code to capture the $9 fee that is paid to the NC Licensing Board. The existing revenue account captures the remaining $1 recognized as revenue. The recent segregation of the Homeowner Recovery Fee was implemented October 3, 2016. The Senior Administrative Assistant will continue to submit quarterly payments to the N.C. Licensing Board but, beforehand, the Senior Administrative Assistant will ensure that the payment is accurately reconciled amongst the Cityworks Revenue Report and General Ledger within JDE. The same will apply to refunds. The Senior Administrator will ensure refunds of the Homeowner Recovery Fee are properly processed and applied to the appropriate fund accounts within JDE and revenue accounts with Cityworks. **Implementation Date:** 10/3/2016 **Responsible Party:** Senior Administrative Assistant	A review of this item was done to ensure the implementation was occurring as outlined in the April report. The findings show the Home Owner Recovery Fee is being captured and allotted as intended.	This recommendation has been implemented. The Home Owner Recovery fee for the first quarter of FY17 (Jul-Sept) was reconciled back to the General Ledger successfully. However, the report designated for the Homeowner Recovery Fee has been reviewed by IT. The reconciliation process occurred by using a "work-around" report in order to reconcile back to the general ledger. The Information Technology Department created a new Account Payables subsidiary code to capture the $9 fee that is paid to the NC Licensing Board. The existing revenue account captures the remaining $1 recognized as revenue. The recent segregation of the Homeowner Recovery Fee was implemented October 3, 2016.

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	Recommendation	Management Response	Management Follow-up Response October 26, 2017	Management Follow-up Response - August 3, 2017
22	Permitting and Inspections management should require, annually, all personnel who handle cash receipts to read the Cash Handling General Procedures and sign acknowledging receipt and understanding of the procedures. A formal written refund policy to provide guidance and direction on how to process refunds should be developed. In addition, Permitting and Inspections personnel should be trained on these policies. Permitting and Inspections management should ensure quality reviews are done for all cash receipt processes.	The Senior Administrative Assistant provided Permit Technicians copies of the city's Cash Handling General Procedures. Each of the technicians received, reviewed, and signed the Cash Handling General Procedures Acknowledgement form. A copy of the Cash Handling General Procedures is readily accessible to the Permit Technicians and such policy will be reviewed and signed on an annual basis as recommended by the Finance Department. The Senior Administrative Assistant prepared a department Refund Procedures & Policy. Upon review and approval by the Permitting and Inspections Director, the Senior Administrative Assistant will conduct mandatory training for all Permit Technicians in two weeks following the policy adoption. The Senior Administrative Assistant will conduct quarterly quality reviews of the issuance process which will include cash handling procedures. This process will begin the third quarter of FY17. **Implementation Date:** 6/30/2017 **Responsible Party**: Senior Administrative Assistant	Permitting and Inspection personnel who handle cash receipts have read the Cash Handling General Procedures and signed acknowledging receipt and understanding of the procedures. The Permit Technician Supervisor position has been filled and a formal policy has been developed regarding refunds and cash receipt procedures. As mentioned in Finding 20, regular training will occur on this new policy as well.	This recommendation has not been implemented as of April 10, 2017 but work continues to progress toward its implementation by the established deadline. Policies and procedures are in process to ensure that all cash handlers are reviewing Cash Handling General Procedures annually. A formal written policy and reviews will be implemented upon hiring of the newly established Permit Technician Supervisor. The written refund policy will be addressed upon the training of the newly created Permit Technician Supervisor position, as well as quality reviews on a consistent basis.
23	Internal Audit recommends Permitting and Inspections personnel responsibilities be reassigned in order to achieve an effective separation between opening the mail and recording transactions. In addition, Permitting and Inspections management should consider checks being opened in dual custody to further strengthen controls. Additionally, Permitting and Inspections management should assess the Administrative Assistant's job description and determine if additional education, experience or knowledge related to internal controls is needed due to the supervision of cash handling functions and update the job description or position as deemed appropriate.	Personnel duties will be defined to require the front line permit technicians assigned to permit issuance to record transactions, and daily dispatch permit technicians will have mail duties to address this issue. The Senior Administrative Assistant will supervise and ensure compliance. Management is reviewing a vacant Permitting and Inspections position against the recommendation and will request a study from the Human Resource Department. Once the study is complete, management will recruit for this position in November 2016. **Implementation Date:** 9/30/2017 **Responsible Party:** Interim Permitting and Inspections Director	This recommendation has been implemented with the hiring of the Permit Technician Supervisor. In addition, the separation of assignments of the permit technicians has occurred.	This recommendation has been partially implemented by April 10, 2017 but work continues to progress toward its implementation by the established deadline. Management recently created the Permit Techician Supervisor postion for better oversight of the Permit Technicians. Upon hiring, the Permit Technician Supervisor will establish policy and procedures for opening mail, recording transactions and checks being opened with dual review.

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	Recommendation	Management Response	Management Follow-up Response October 26, 2017	Management Follow-up Response - August 3, 2017
24	The Office of Internal Audit recommends Permitting and Inspections management work with the Information Technology Department to establish a process for security of faxed information. Such a process could include faxes being printed only when the appropriate security code is entered or having a dedicated fax machine for the Permitting and Inspections Department in a secure location with limited access. Permitting and Inspections management should ensure the faxes are destroyed in accordance with City's Administrative Policy # 311 - *Security of Sensitive and Confidential Information and Breach Response Plan .*	The fax machine vendor programmed the Permitting Multi-Functional Device (fax machine) so permit applications received can only be printed by means of entering a security code. Faxes are secured within the device until the security code is applied. Permit Technicians and the Senior Administrative Assistant are only privy to such code, and if at any time the code may be breached, a new security code can be reassigned. The Finance Department provided the Senior Administrative Assistant a copy of the city's policy #311, Security of Sensitive and Confidential Information and Breach Response Plan. Each technician received, reviewed, and signed the Acknowledge form. The Senior Administrative Assistant also prepared a draft policy of a Security and Confidential Information for review by the Permitting and Inspection Director. Upon review and approval of the policy, the Senior Administrative Assistant will conduct mandatory training to all Permit Technicians within two weeks following adoption. The Senior Administrative Assistant will also conduct quarterly quality reviews of the Security and Confidential Information. Additionally, and in accordance to the Security of Sensitive and Confidential Information and Breach Response Plan, the Permit Technicians destroy (shred) faxes that contain confidential financial information following the completion of the issuance process of every permit. **Implementation Date**: 9/30/2016 **Responsible Party:** Senior Administrative Assistant	This recommendation has been implemented.	This recommendation has been implemented effective September 30, 2016.
25	Permitting and Inspections management should coordinate with the Information Technology Department and/or the software developer to develop controls within Cityworks to ensure permits are not printed before all pre-permitting requirements are met and the hardcoded status on the permit should read the status within Cityworks. Additionally, Internal Audit recommends the appropriate inspector review all written applications as defined by NCGS and Fayetteville City Code, Chapter 7, Article III before a permit is issued.	While report creation is part of the Information Technology Department's top priorities for Cityworks "fixes," locking out the report is a customization that will require additional funding to complete. IT has completed the process of watermarking the reports in question with a watermark that says INVALID if the report is printed before all the required inspections, payments, or documents are completed. We will coordinate with the Department of Insurance to determine the need for building inspectors to issue trade permits. *As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.* **Implementation Date:** 11/30/2016 for the workaround. TBD for the ultimate resolution. **Responsible Party:** IT Project Manager	This recommendation has been implemented with the adoption of the amendment of Chapter 7 by City Council on May 8, 2017. This finding also involved developing controls in CityWorks that prevented permits from being issued prior to all pre-permitting requirements being met. This was accomplished by IT by placing "INVALID" on the permit if the report is printed before all the required inspections, payments, or documents are completed.	This recommendation has been partially implemented as of April 10, 2017 but work continues to progress toward its implementation by the established deadline. Cityworks was not designed to print based on the status of a permit or task. As of 11/30/2016 all permits that are printed prior to being issued show in the permit a status of NOT ISSUED and a date of 01/01/0001. We added a watermark to indicate that the permit is not to be used to start work. Users can use the Cityworks search and inbox to generate reports on expired permits. Furthermore management recommends that Zoning opens the case in the Cityworks application Staff has developed a comprehensive revision for Chapter 7 (Building Code) to address these issues. It has been presented to City Council and has been referred to the Audit Committee for review. In the interim, staff is using the State Administrative Code to carry out its statutory duties where conflicts exist between the City Code and the State Building Code.

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date

	Recommendation	Management Response	Management Follow-up Response October 26, 2017	Management Follow-up Response - August 3, 2017
26	Internal Audit recommends Permitting and Inspections management review applications, the Fee Schedule and Cityworks, and ensure they are consistent with one another. In addition, Permitting and Inspections management should review all permit applications to ensure all necessary information is required on the applications, applications are clear, and assess whether any unnecessary information should be removed from the applications. Once the applications are updated and made available to the contractors/homeowners, their use should be enforced.	We will coordinate with the Department of Insurance to determine the need for building inspectors to issue trade permits. Staffing and workload issues may preclude quality control by inspection supervisors without additional resources as has been noted in responses to prior findings. Staff will work with Information Technology to see if exceptions can be identified for quality control purposes. Once these issues are resolved, policies and procedures will be developed and training conducted to ensure subordinate staff adherence to the policies and procedures.	This recommendation has been completed. City Council amended Chapter 7 of the Building Code on May 8th that clarified the issuance of trade permits by Permitting staff. The Permitting & Inspections Department has worked with IT to review processes to ensure that CityWorks is providing accurate date in regards to application information and calculation of fees. The permit applications have been reviewed and updated. The last action completed was the establishment of a quality review process. Permitting & Inspections instituted quality reviews for all four trades in April 2017. A quality review policy was recently developed to formalize the process. This is an internal control to ensure objectives are achieved. and is a tool for performance evaluation of the inspectors. Ongoing training and review will occur as part of this implementation.	This recommendation has been partially implemented as of April 10, 2017. IT continues to work the Permitting & Inspection Staff to develop the necessary exception based reports. Staff has developed a comprehensive revision for Chapter 7 (Building Code) to address these issues. It has been presented to City Council and has been referred to the Audit Committee for review. In the interim, staff is using the State Administrative Code to carry out its statutory duties where conflicts exist between the City Code and the State Building Code.
	In order to be in compliance with North Carolina General Statutes, Inspectors should issue permits. However, prior to permit issuance, Permitting and Inspections personnel should ensure permit applications are completed with all information necessary to calculate fees. If information on the application is unclear, Permitting and Inspections personnel should ask the applicant for clarification. Any updated information should be clearly documented for future reference.	*As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.*		Under current staffing it is permissible for the issuance of the trade permits by the Permitting Staff. We will be rewriting Chapter 7 to reflect that policy. When Permitting is at full staff, we will have procedures in place for the overview of all trade permits.
	Permitting and Inspections management should establish a quality review process for the Permitting and Inspections Department. Due to the high volume of applications, the likelihood of finding an exception by spot checking is statistically low. Therefore, when establishing a quality review process, Permitting and Inspections management could consider exception-based reporting from Cityworks which could identify unusual transactions, such as a residential building permit without a homeowner recover fee charged.			P&I has implemented quality reviews for all four trades, to be done by supervisors in a timely manner. The staff is working with IT to develop and refine existing reports to enhance the reviews. Policies and procedures will be put in place for accountability measures.
	Policies and procedures should be written to provide clear guidance on accurate and consistent application of fees. Training should be given to Permitting and Inspections personnel to ensure understanding and adherence to policies and procedures.	**Implementation Date:** 6/30/2017 **Responsible Party:** Building Official; Senior Administrative Assistant		

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	Recommendation	Management Response	Management Follow-up Response October 26, 2017	Management Follow-up Response - August 3, 2017
27	Internal Audit recommends the appropriate inspector review all written applications as defined by NCGS and Fayetteville City Code, Chapter 7, Article III before a permit is issued. This review should include the status of the contractor's license. Additionally, Internal Audit recommends Permitting and Inspections personnel establish and follow written procedures to ensure each contractor's license is valid when issuing a permit. Since permits expire December 31 each year and become invalid 60 days from that date unless renewed, Permitting and Inspections should establish and follow written procedures to ensure all general contractors with active permits still have valid licenses in March of each year. For any active permits determined to be issued to general contractors with invalid licenses, Permitting and Inspections personnel should establish written procedures to comply with NCGS 160-422 relating to the revocation of permits.	The Planning and Code Enforcement Director will review the City Code and propose any modifications that are necessary to modernize and ensure consistency between the City Code, the NC Building Code, and departmental procedures and policies. Management has reached out to the Supervisor of the Code Inspections Section of the Department of Insurance for clarification on inspector issuance of permits. The Permitting and Inspections Department is meeting all requirements for the issuance of trade and building permits in our current practice. Management is currently reviewing the permit fees and the permit applications for all four trades. Once we have corrected our fee schedule and permit applications, we will write the policy and procedures to make sure the permit is accurately issued and valued. The Permit Technicians are currently following procedures of verifying contractors licenses prior to the issuance of permits. The Senior Administrative Assistant will draft a policy and procedures to ensure that this process is being validated. The Senior Administrative Assistant will complete monthly random quality control checks to ensure that this recommendation is followed through. In speaking with the North Carolina Licensing Board for General Contractors, they are looking into developing a WebService with which we would be able to programmatically interface with in order to validate the contractor in real time. At this time there is no ETA for the availability of this WebService. Such an arrangement with other trades is being explored. Currently Information Technology has investigated other methods of automatically validating the Contractor License, however, there would be additional funding needed to do this *As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.* **Implementation Date:** 9/30/2017 **Responsible Party:** Planning and Code Enforcement Director (code changes); Senior Administrative Assistant (procedures)	This recommendation has been implemented with the adoption of the Chapter 7 amendment by City Council on May 8th. One part of the amendment allows the permitting staff to issue trade permits that is consistent with the State Building Code. Another item is verification of a contractor's license. This was previously done through the issuance of a privildge license. Since privilidge licenses are no longer allowed, another method is required to ensure contractors have the proper license. Permitting Technicians now review all contractor's licenses prior to issuancing a permit. A written procedure documenting these steps has been developed to ensure the proper steps are taken.	This recommendation has been partially implemented as of April 10, 2017. IT continues to work with the Permitting & Inspection Staff to develop the necessary exception based reports. Staff has developed a comprehensive revision for Chapter 7 (Building Code) to address these issues. It has been presented to City Council and has been referred to the Audit Committee for review. In the interim, staff is using the State Administrative Code to carry out its statutory duties where conflicts exist between the City Code and the State Building Code. Under current staffing it is permissible for the issuance of the trade permits by the Permitting Technicians. When Permitting is at full staff, we will have procedures in place for the overview of all trade permits. Additionally, the Permit Technicians review all contractors' licenses prior to permit issuance to ensure validity.

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	Recommendation	Management Response	Management Follow-up Response October 26, 2017	Management Follow-up Response - August 3, 2017
28	Permitting and Inspections management should coordinate with the Information Technology Department and/or the software developer to develop controls within Cityworks to prevent creating duplicate permits. Should Cityworks not have this capability; Permitting and Inspections management should work with personnel within the department on mitigating controls to ensure duplicate permits are not being created. All permit applications should be reviewed by an appropriate level inspector before a permit is issued at which time, the inspector can verify that a duplicate permit is not being created.	Cityworks cannot currently prevent the creation of duplicate permits, however, it will allow you to see all the existing permits, cases, service requests and work orders at a given address. Resolution of this issue is dependent on a vendor's schedule. Additionally, consideration should be given to distinguishing between a trade permit and a building permit with regard to the qualifications of the issuing authority. If inspectors have to sign off on all permits prior to their issuance, a significant resource issue will be created due to permit volume. If this is the direction of the Interim City Manager, we will produce a plan for implementation for consideration during the FY18 budget cycle. Information Technology is working with software developer to bring a Cityworks PLL trainer on site to provide specialized PLL training. *As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.* **Implementation Date:** 11/15/2016 **Responsible Party:** Interim Permitting and Inspections Director and Information Technology Director	This recommendation was implemented several months earlier. Ongoing training with the Permit Technician is occurring on a regular basis now that Permit Division is fully staffed.	This recommendation has been implemented. Cityworks is designed to create multiple permits at a single address or location. Proposed mitigation strategy is for permit techs to check all permits at a given address/location before creating a new permit to ensure that duplicate permits are not created. IT provided PLL Training to Permit Tech to show them how to search and make general corrections to permits.
29	Procedures should be established requiring inspectors to document within Cityworks when the inspector reaches the location and the results of the inspection before going to the next assignment. Cityworks should be configured, if necessary, to facilitate this type of documentation. Training should be provided to improve inspectors' documentation, to establish parameters and guidelines and the use of laptops in the field to result the inspections.	Permitting and Inspections has purchased laptop computers for all the field inspectors to eliminate the problem of limited or no connectivity in some areas of the City. Since that time, the inspectors have been trained and directed by management to log into Cityworks and do all of their inspection postings at the jobsite. Management is working with Cityworks to be able to have this measurable data extracted in several types of reports. This will give management valuable information that we will be able to use in determining if the department is adequately staffed. *As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.* **Implementation Date:** 6/30/2017 **Responsible Party:** Building Official	This recommendation has been implemented. The results of the inspection are entered into CityWorks before the inspector moves to his next assignment. The verification that inspectors are at the proper location at the proper time is through the vehicle AVL system. A policy has been developed that outlines the process and ensures is uniformly administered throughout the department. As with many of these new policies, training will occur to inform all department staff of the requirements and expectations.	This recommendation has been partially implemented as of April 10, 2017 but work continues to progress toward its implementation by the established deadline. Inspectors are inputting their inspection results at the job site. This was accomplished when the inspectors were issued revolves which have better connectivity in the field. Policies and procedures are being written and enhanced user training is being conducted to assist inspectors in logging in inspection upon arrival at assignment and the results of the inspection before moving on.

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date

	Recommendation	Management Response	Management Follow-up Response October 26, 2017	Management Follow-up Response - August 3, 2017
30	Internal Audit recommends the Permitting and Inspections Department prohibit the practice of bypassing system controls by deleting and/or resulting inspections on the workflow as "NA". Quality reviews should be conducted by management to ensure all inspections are completed and resulted for each type of permit on the workflow. Cityworks workflows should be updated for each permit type to include only required inspections for that permit type.	The inspections workflows are currently under modification. It is the intent to modify and simplify each of the workflows per permit type. Until this occurs, an "N/A" will be placed on inspections tasks not related to the inspection. The Permitting and Inspections department is working closely with the IT department as well as with Cityworks in order to address this issue. As we modify the case types and workflows additional security will be added which will prohibit the addition or deletions of task in the workflow. *As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.* **Implementation Date:** 6/30/2017 **Responsible Party:** Building Official	Permitting & Inspections working with IT has implemented this recommendation preventing the bypassing of system controls.	This recommendation has been partially implemented as of April 10, 2017 but work continues to progress toward its implementation by the established deadline. As an interim fix, controls have been put in place to not allow users to delete tasks from the workflow. IT has worked with P&I to reconstruct permits and remove unncessary steps in the workflow. Group level control configuration based on permit type will be applied to the new permit types.
31	Permitting and Inspections management should develop procedures to clarify expectations, including established start times and locations to begin inspections for the workday. The procedures should also give general guidance on how to conduct inspections. Once these procedures are established, Permitting and Inspections management should ensure personnel are adequately trained on them. The AVL technology should be fitted and fully operational on all Permitting and Inspections Department vehicles. This data should be used by management in conjunction with monitoring inspector output as a measure of overall productivity.	The Permitting and Inspections Department will implement policies and procedures to ensure that inspections staff have clear and concise instruction regarding daily expectations, standards for training new staff, and policies as it relates to enforcement of the NC Building Code. The AVL systems are currently installed in all inspectors' assigned vehicles. The existing AVL system could not be permanently installed without voiding the manufacturer's warranty. Reporting is currently being addressed by the Information Technology Project Manager. The inspections staff will receive training on how to review and monitor the AVL system. Additionally, the real-time resulting of inspections will help confirm inspector location. **Implementation Date**: 6/30/2017 **Responsible Party:** Building Official	The AVL system has been fitted and is fully operational on all Inspections vehicles. Permitting & Inspections has developed a written policy in regards to start times and beginning location as well as information on conducting inspections. This policy incorporates several procedures used by the Fire Department regarding their policy for Fire Inspectors. Training will occur as this policy is introduced within the department.	This recommendation has been partially implemented as of April 10, 2017 but work continues to progress toward its implementation by the established deadline AVL Technology has been fitted and operational on Permitting and Inspections Vehicles. Policies and procedures will be written to clarify management's expectations and guidance and training will be provided upon approval.
32	Permitting and Inspections management should develop procedures to ensure all permitted projects are inspected or permits are properly cancelled if the permitted work is not commenced.	All full demolition permits are inspected by the Code Enforcement Division of the Planning and Code Enforcement Department. Cityworks has been modified to notify the contractor when a permit is about to expire. This modification reflects the standards of the NC Building Code with regard to permit expiration. A procedure will be developed in order to provide clear and concise instruction on how to post inspections once the permit is completed, voided, or expired. An amendment to the City Code will be proposed to reflect the standards of the NC Building Code with regard to permit expiration. *As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.* **Implementation Date:** 11/15/2016, with the City Code Changes to occur in January 2017 **Responsible Party:** Senior Administrative Assistant (for Permitting); Building Official (for Inspections); PCE Director (for code changes and PCE policies and procedures)	This recommendation is implemented with the adoption of the amendments to Chapter 7. In particular, the change from 60 days permit expiration to 6 months permit expiration for those permits that do not receive an inspection within the specifi timeframe. CityWorks has been updated to track this timeline. Notification is provided to the permit holder a few weeks prior to the expiration of the permit alterting them of a need for an inspection. A written policy and procedures has been developed to establish responsibilities for this oversight.	This recommendation has been partially implemented as of November 15, 2016 with the code change still left to do. Demolition permits have consistently been inspected by Code Enforcement. A new permit type has been created to facilitate this practice. To complete this recommendation, a code change will be needed. Staff has developed a comprehensive revision for Chapter 7 (Building Code) to address these issues. It has been presented to City Council and has been referred to the Audit Committee for review. In the interim, staff is using the State Administrative Code to carry out its statutory duties where conflicts exist between the City Code and the State Building Code.

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date

	Recommendation	Management Response	Management Follow-up Response October 26, 2017	Management Follow-up Response - August 3, 2017
33	Internal Audit recommends Permitting and Inspections management develop processes to ensure square footage and construction costs are validated prior to permit issuance and again prior to issuance of the certificate of occupancy/compliance. The process should include recording adjustments in Cityworks and collecting or refunding any fees based on these adjustments. These processes should be documented in written policies and procedures and personnel should be trained on them.	We agree that enhancements can be made to better confirm fee calculations from various measures, however, the proposed redundancy is unnecessary as any deviations will be caught during the inspection process. We agree that adjustments to the Fee Schedule need to be made to simplify calculation procedures; this will require coordination with Information Technology, and such changes will be made at midyear, if possible, or proposed as part of the FY18 budget. *As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.* **Implementation Date:** 6/30/2017 **Responsible Party:** Building Official	This recommendation was implemented with the Fee Schedule adopted on June 26th. In regards to validating the square footage of a building, there are several points that occur in the process. The first action is taken by the Plans Review Section. They review the plans for many items with one being the square footage of the building. Once they approve the plans, then the trades are provided with the plans for their review. The Building Inspector reviews the footings and compares that with the approved plans. Lastly, the County Tax Office reviews the development in order to assess the value of the building. The square footage of the building is on the tax listing. This process has been documented and presented with written proceedures. Training will be developed to follow these procedures.	This recommendation has not yet been implemented by April 10, 2017 but work continues to progress toward its implementation by the established deadline. The square footage is verified by personnel in plan review and then by the building inspectors during their inspections at the jobsite. Cityworks is capable of handling a variety of fee calculations out the box and custom fee calculations can be added as necessary. When the new few schedule is approved IT will work with permitting and inspection staff to update the existing fee schedule with the new fees and calculations. IT will also train the departmental SME how to manage and update fees and fee calculations.
34	A formal written callback policy to provide guidance and direction on how to impose callback fees should be developed and communicated to contractors/home owners. In addition, Permitting and Inspections personnel should be trained on this new policy.	Management is writing a formal callback policy. Once this policy is completed, we will modify Cityworks so that a callback fee will be automatically issued in accordance to the policy. Once this callback policy is completed, then management will notify the contractors and train the inspectors. *As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.* **Implementation Date:** 6/30/2017 **Responsible Party:** Building Official	The Fee Schedule that included a revised callback fee was adopted by City Council on June 26th. A written policy has been established that addresses when a callback fee is required. This policy ensures a standard practice is administered throughout the department. Adequate training and review is critically important for the the Callback Policy since it imposes a few with a failed inspection occurs. Failure to admister this policy uniformly causes trust and fairness issues from our customer. Training and constant review will be conducted on this particulat item.	This recommendation has not been implemented as of April 10, 2017 but work continues to progress toward its implementation by the established deadline. There is a proposed change in the Fee Schedule that addresses the Callback fees. Once the new fee schedule is approved, then IT will work with the vendor to program City Works with the new fees. A policy will be written to reflect the new call back requirements. In an effort to ensure success, P&I reduced and simplified the permit types. Secondly, an agile testing methodology will be used to receive immediate and accurate feedback from the customer. Lastly, enhanced user training is being conducted, which will allow the customer to make system corrections.
35	Consider implementing multi-trade inspections, specifically HVAC permits, to enhance scheduling flexibility, reduce drive times and improve response times.	The Permitting and Inspections Department is now performing multi-trade inspections for two permit types. One is the mechanical change out permit when the mechanical inspector inspects both the mechanical and electrical installations. The other is the gas water heater permit when the plumbing inspector inspects the water heater, vent piping and the gas piping. A policy and procedure will be written to ensure both permits are ready before the inspector goes on the inspection. Management also utilizes this cross training when a trade section is shorthanded. Out of a department of 18 inspectors, we have 7 inspectors who have more than one standard certification. Management hopes to expand this concept to more permit types as we get more inspectors certified. **Implementation Date:** 10/1/2016 **Responsible Party:** Building Official	This recommendation has been implemented.	This recommendation has been implemented effective October 1, 2016.

Office of Internal Audit

Audit Committee
October 26, 2017
3:30 pm

Presented by: Elizabeth Somerindyke, Internal Audit Director

Agenda

October 26, 2017 Audit Committee Meeting

Internal Audit Activities:
a. Contracting Practices and Procedures Audit
b. Status Update on Current Projects

Contracting Practices and Procedures Audit

Contracting Practices and Procedures Audit

Dated: October 2017

Contracting Practices and Procedures Audit

Background

- Audit plan for FY17 approved the Contracting Practices and Procedures Audit;
- Ordinance amendment – delegation authority
- Policy contracting practices and procedures
- Decentralized process
- Electronic contract routing

Contracting Practices and Procedures Audit

Objectives

- Compliance with policies, procedures, laws, rules and regulations.

Scope

- PRM contracts with transactions incurred from July 1, 2016 through January 20, 2017; and
- Did not include monitoring and implementation;
- No determination made on compliance of bid requirements.

Contracting Practices and Procedures Audit

Methodology

In order to accomplish the objectives of this audit, the following steps and procedures were performed:

- Reviewed applicable policy , procedures, laws and regulations;
- Obtained and reviewed PRM transactions incurred from July 1, 2016 to January 20, 2017;
- Selected sample and tested for internal controls and procedural requirements; and
- Interviewed employees involved in the PRM contracting process.

Contracting Practices and Procedures Audit

Methodology

PRM Department was selected due to the volume of City contracts the department processes.

No central repository to obtain a complete and accurate listing of all City contracts. Therefore,

- Reviewed 8,957 transactions and determined 930 should have a contractual agreement;
- Tested 60 contracts from the 930 transactions.

The audit staff were also aware of the potential existence of fraud during the engagement.

Contracting Practices and Procedures Audit

Noteworthy Observation

107 (76%) of the 141 PRM vendors were Fayetteville or Cumberland County based vendors.

City of **Fayetteville** *North Carolina*

Contracting Practices and Procedures Audit

Audit Results

Finding #1
- Oversight and management of Policy #120 were lacking.

Recommendation #1
- Determine if CMO is most appropriate department to be responsible for this Policy.
- Once determined, designate personnel/positions responsible for policy oversight and management.

Management response: Concur

City of **Fayetteville** *North Carolina*

Contracting Practices and Procedures Audit

Audit Results

Finding #2
- Purchase orders and contracts not always issued in compliance with applicable polices and procedures.

Recommendation #2
- Add clarification to the policy to:
  - Define when a purchase order is required; and
  - Require all contract signatures in Laserfiche to be dated.

Contracting Practices and Procedures Audit

Audit Results

- Improve training and monitoring practices.
- Develop quality control program to ensure:
  - Purchase orders are obtained prior to the start of service; and
  - Contracts are fully executed with required approvals, signatures and the City Seal.

Management response: Concur

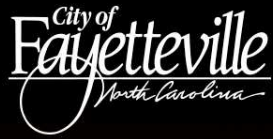**Contracting Practices and Procedures Audit**

Audit Results

Finding #3
- Contracts were not always utilized or timely executed.
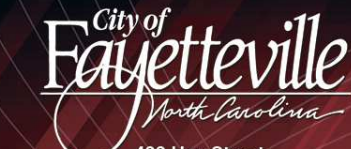
Recommendation #3
- Add clarification to the policy to define when a contract is required.
- Improve training and monitoring practices.
- Develop quality control program to ensure contracts are obtained prior to start of service.
- Establish a central repository for all City contracts.

Management response: Concur

Questions?

Thank You!