



Audit Committee Meeting
February 1, 2018 @ 3:30 pm
1st Floor – LaFayette Room
433 Hay Street, Fayetteville, NC 28301

AGENDA

1. Call to Order
 2. Introduction of New Audit Committee Members
 3. Discussion of Appointment of Officers
 4. Approval of Agenda
 5. Approval of Meeting Minutes
 6. Fiscal Year Ended June 30, 2017 Comprehensive Annual Financial Report and Audit Results (*Presented by Lou Cannon, Partner, RSM US LLP*)
 7. Internal Audit Activities (*Presented by Elizabeth Somerindyke, Internal Audit Director*):
 - a. Police Department Confidential Funds Compliance Audit 2018-03
 8. Quarterly Management Implementation Status Report
 9. Adjournment
-

Attachments:

- a) Meeting Minutes – October 26, 2017
- b) Police Department Confidential Funds Audit Report 2018-03
- c) Quarterly Management Implementation Status Report 2nd Quarter FYE18

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

AUDIT COMMITTEE
LAFAYETTE CONFERENCE ROOM, 1ST FLOOR CITY HALL
433 HAY STREET, FAYETTEVILLE, NC
October 26, 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
Glenn Goldsmith, Local Community Business
Representative
Wade Fowler, Fayetteville Public Works
Commission, Chair

OTHERS PRESENT: Elizabeth Somerindyke, Internal Audit
Director
Traci Carraway, Internal Auditor, Internal
Audit
Douglas Hewett, City Manager
Karen McDonald, City Attorney
Kristoff Bauer, Deputy City Manager
Cheryl Spivey, Chief Financial Officer
Kimberly Toon, Purchasing Manager
Michael Gibson, Parks Recreation and
Maintenance Director
Michael Bailey, Interim Permitting and
Inspections Director
Dwayne Campbell, IT Director
Joseph Vittorelli, IT Project Manager
Jane Starling, Deputy City Clerk

1. CALL TO ORDER

Mayor Nat Robertson, Chair called the meeting to order at 3:34 p.m. and welcomed everyone in attendance.

2. Introduction of New Audit Committee Member

Mayor Nat Robertson, introduced Mr. Glen Goldsmith who was appointed to replace Ms. Michelle Hall whose term ended September 30, 2017. Mayor Robertson also introduced Mr. Wade Fowler who recently was elected the Chair of the Fayetteville Public Work Commission (FPWC) and therefore replaced Ms. Evelyn Shaw who was the previous FPWC representative.

3. APPROVAL OF AGENDA

MOTION: Council Member Hurst moved to approve the agenda as presented.
SECOND: Mr. Wade Fowler
VOTE: UNANIMOUS (6-0)

4. Approval of Meeting Minutes

MOTION: Council Member Hurst moved to approve the minutes from August 3, 2017 as written.
SECOND: Vice Chair Pamela Jackson
VOTE: UNANIMOUS (6-0)

5. Internal Audit Activities

a. Contracting Practices and Procedures

The report on compliance audit number 2016-06 was presented by Ms. Elizabeth Somerindyke, Internal Audit Director. Ms. Somerindyke provided a bound copy of the report and a PowerPoint presentation. Ms. Somerindyke stated, 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.

The Parks, Recreation and Maintenance Department (PRM) 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. Thirty one or 69% of the contracts did not have approved purchase orders. Eleven or 24% of contracts were approved after the service began. Three contracts or 7% had correct purchase orders.

Ms. Somerindyke stated the findings were: 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 or timely executed.

Ms. Somerindyke stated Internal Audit recommends management determine if the City Manager's Office is the most appropriate department to be responsible for Administrative Policy #120, City of Fayetteville General Contracting Process. Once determined, management should designate personnel/positions responsible for the oversight and management of the policy and ensure those named responsible have the authority to enforce contract policy provisions. Additional recommendations are: 1. Clarify Administrative Policy number 120 to define the conditions under which a purchase order and contracts are required; and require all signatures on contracts in Laserfiche be dated. 2. Add training and monitoring practices to ensure procedures are being followed. 3. A quality control program should be developed to help ensure contracts are obtained prior to purchase or start of service. 4. Management should establish a central repository for all City Contracts.

Mr. Douglas Hewett, City Manager, stated he concurs and is in full agreement with the recommendations. To ensure full implementation and compliance the City Manager will assign the City's Chief Financial Officer the responsibility of providing clarification to Policy #120 in an effort to define the conditions under which a purchase order or contract is required. Also, the Chief Financial Officer will provide training, monitoring, and develop a quality control program to help ensure contract procedures and all contracts are fully executed with all required approvals, signature and the City Seal.

Discussion ensued.

MOTION: FPWC Commissioner Fowler moved to accept the report as written.
SECOND: Council Member Crisp
VOTE: UNANIMOUS (6-0)

b. Status Update on Current Projects

Ms. Elizabeth Somerindyke, Internal Audit Director gave a verbal report on this item. The current Police Audit of property and evidence was expanded at the request of Gina Hawkins, Police Chief. Chief Hawkins would like a more comprehensive audit of property and evidence and not just the high risk areas. Ms. Somerindyke indicated the Internal Audit Department would be expanding their review per Chief Hawkins request.

Mr. Douglas Hewett, City Manager stated that he and Ms. Cheryl Spivey, Chief Financial Officer have been in negotiations regarding Ms. Spivey's retirement. Mr. Hewett has asked Ms. Somerindyke to assume some of Ms. Spivey's duties which may impact the Internal Audit Departments workload.

6. Other Business

a. Procurement Card Follow-up Information

This item was presented by Ms. Kimberly Toon, Purchasing Manager. Ms. Toon stated this is a reply to the Mayor's question at the last meeting. She provided a memo and list of card holders which was included with the bound report. The Mayor had asked at the last committee meeting for a justification for the number of procurement cards issued to City employees. When Ms. Toon began her investigation the City had 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 identified twenty eight (28) procurement cards that are no longer needed, the accounts have been closed and cards returned to Procurement Card Administrator. The City now has two hundred and twenty-nine (229) procurement card users.

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.

Discussion ensued.

7. Quarterly Management Implementation Status Report

This report is provided for information purposes only.

8. Adjournment

There being no further business, the meeting adjourned at 4:47 p.m.

Respectfully submitted,

JANE STARLING
Deputy City Clerk
102617

NAT ROBERTSON
Mayor



FINANCE DEPARTMENT

TO: City of Fayetteville Audit Committee
FROM: Cheryl Spivey, CPA, Chief Financial Officer
DATE: February 1, 2018
RE: Fiscal Year Ended June 30, 2017 Comprehensive Annual Financial Report and Audit Results

Relationship To Strategic Plan:

GOAL V: Sustainable Organizational Capacity, Objective A, To ensure strong financial management with fiduciary accountability and plan for future resource sustainability by aligning resources with City priorities.

Executive Summary:

The City is required by North Carolina state statues and granting agencies to have an annual audit. The Audit Committee Charter states that the Audit Committee will review the City's Comprehensive Annual Financial Report (CAFR), management letter and management's response and forward findings to City Council.

Background:

RSM US LLP audited the City's financial statements for the year ended June 30, 2017 and issued their opinion on January 20, 2018. The CAFR can be found at the following link to the City's website:

[Insert Link When Available](#)

A hard copy of the CAFR will be provided to each Committee member.

Lou Cannon, Partner, RSM US LLP will present the results of the audit to the Committee.

Attachment:

1. Presentation of the City of Fayetteville's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2017
2. Required Communications Letter from Auditor
3. Management Letter **If applicable**
4. Response to Management Letter **If applicable**

433 Hay Street Fayetteville, NC 28301-5537
(910) 433-1682 | www.cityoffayetteville.org | www.faytv7.com



City of
Fayetteville
North Carolina

February 1, 2018

Financial Results for the Year Ended June 30, 2017





City of
Fayetteville
North Carolina

February 1, 2018

Financial Results for the Year Ended June 30, 2017



Components of the Comprehensive Annual Financial Report (CAFR)

- Management's Discussion and Analysis
- Government-wide F/S
- Fund F/S
- Notes to the F/S
- Required supplemental financial data
- Other supplemental information
- Compliance

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- Required supplemental financial data
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CITY OF FAYETTEVILLE, NC

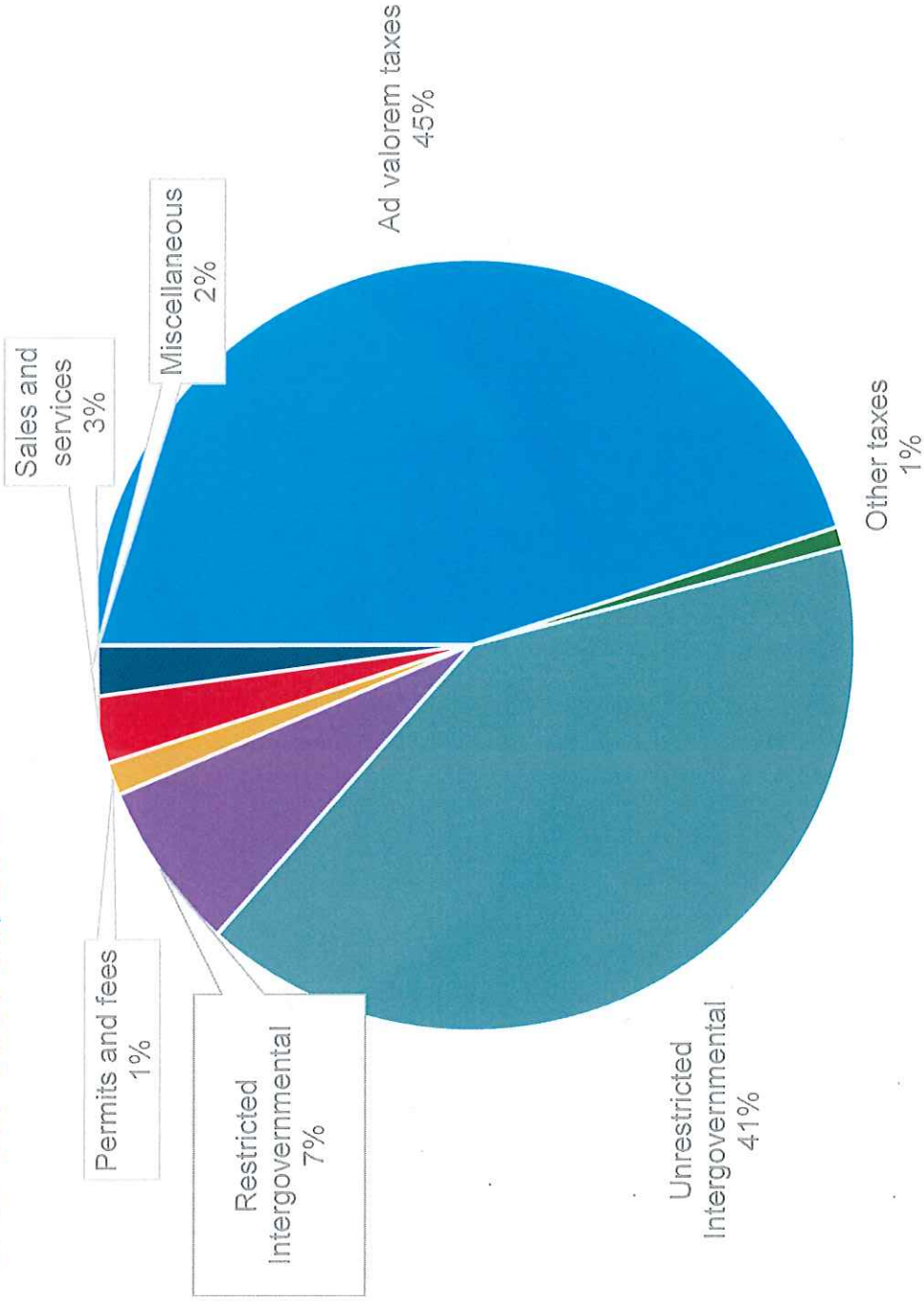
Types of Opinions

- Adverse
- Disclaim
- Qualified
- **Unmodified – “Clean” (Highest Level of Assurance)**

CITY OF FAYETTEVILLE, NC

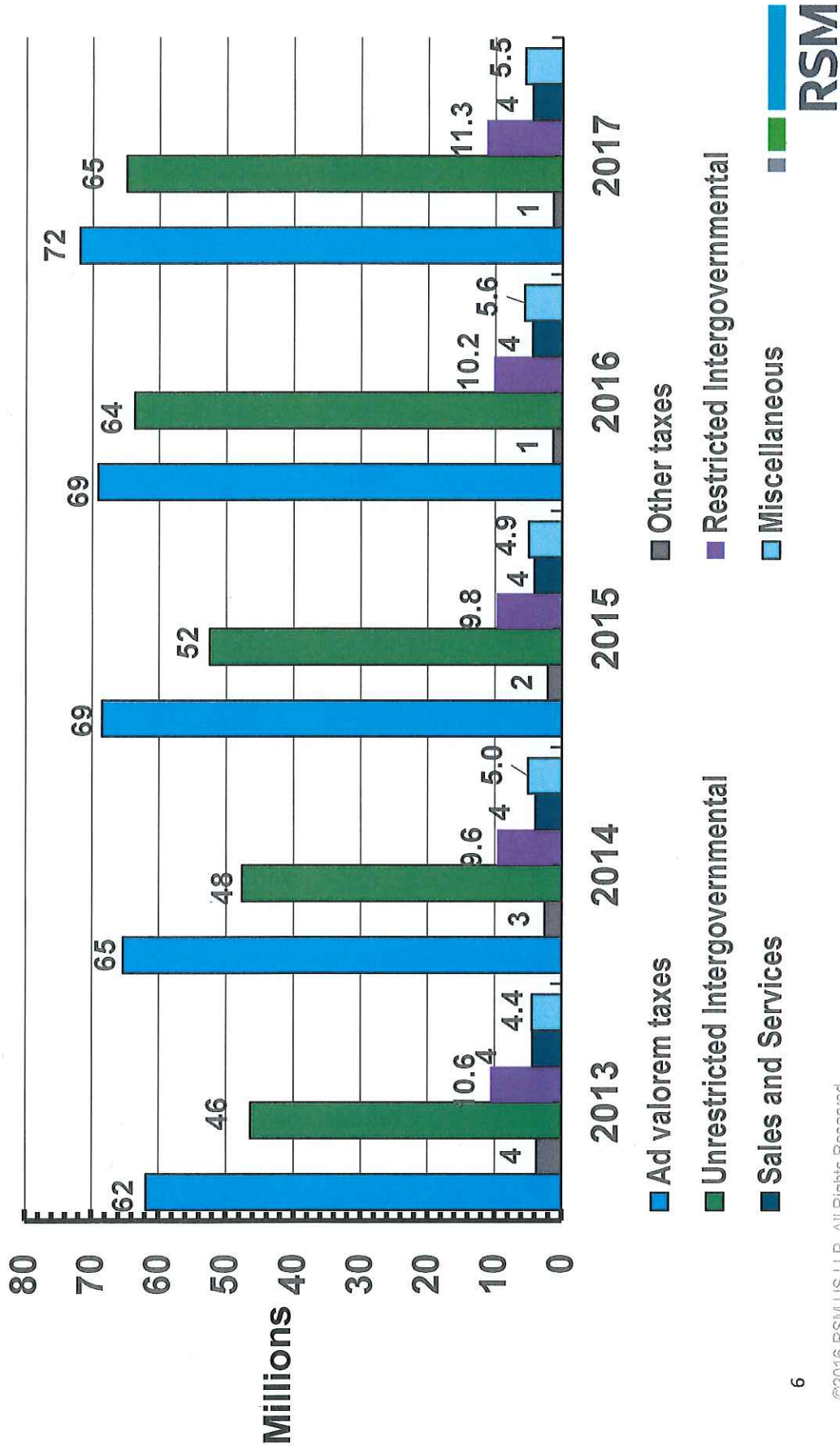
General Fund Revenues

For the Year Ended June 30, 2017

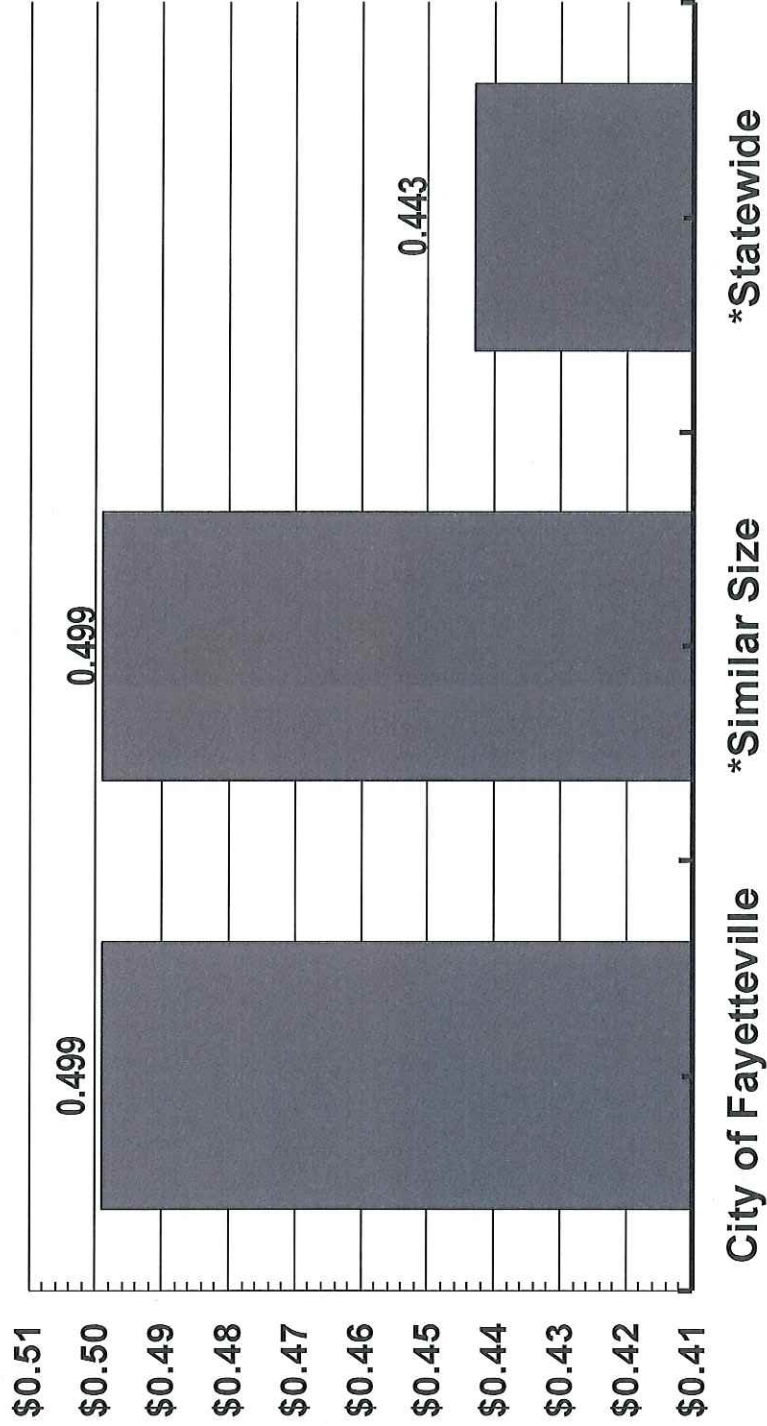


CITY OF FAYETTEVILLE, NC

General Fund Revenues by Source



CITY OF FAYETTEVILLE, NC
Tax Rate For the Year Ended June 30, 2017 (2016 Comparative Information
Shown)

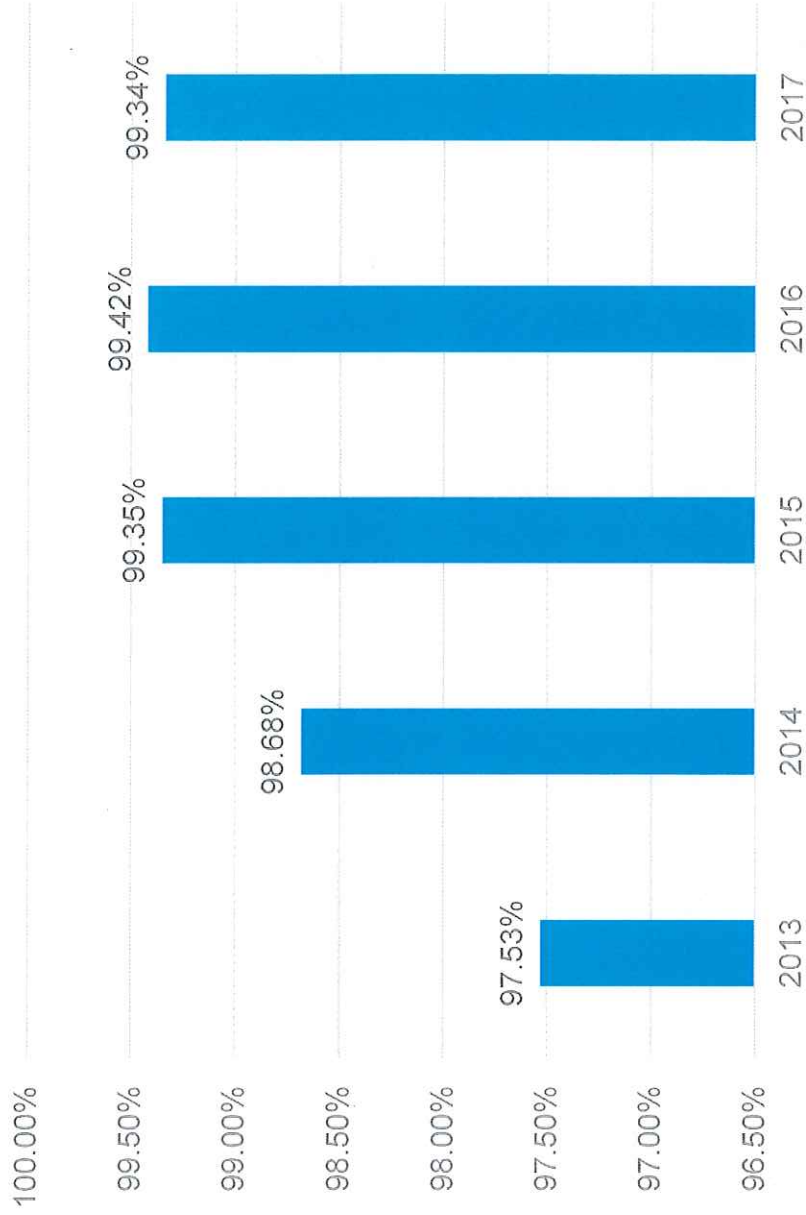


*For year ended June 30, 2016 Per \$100 Valuation



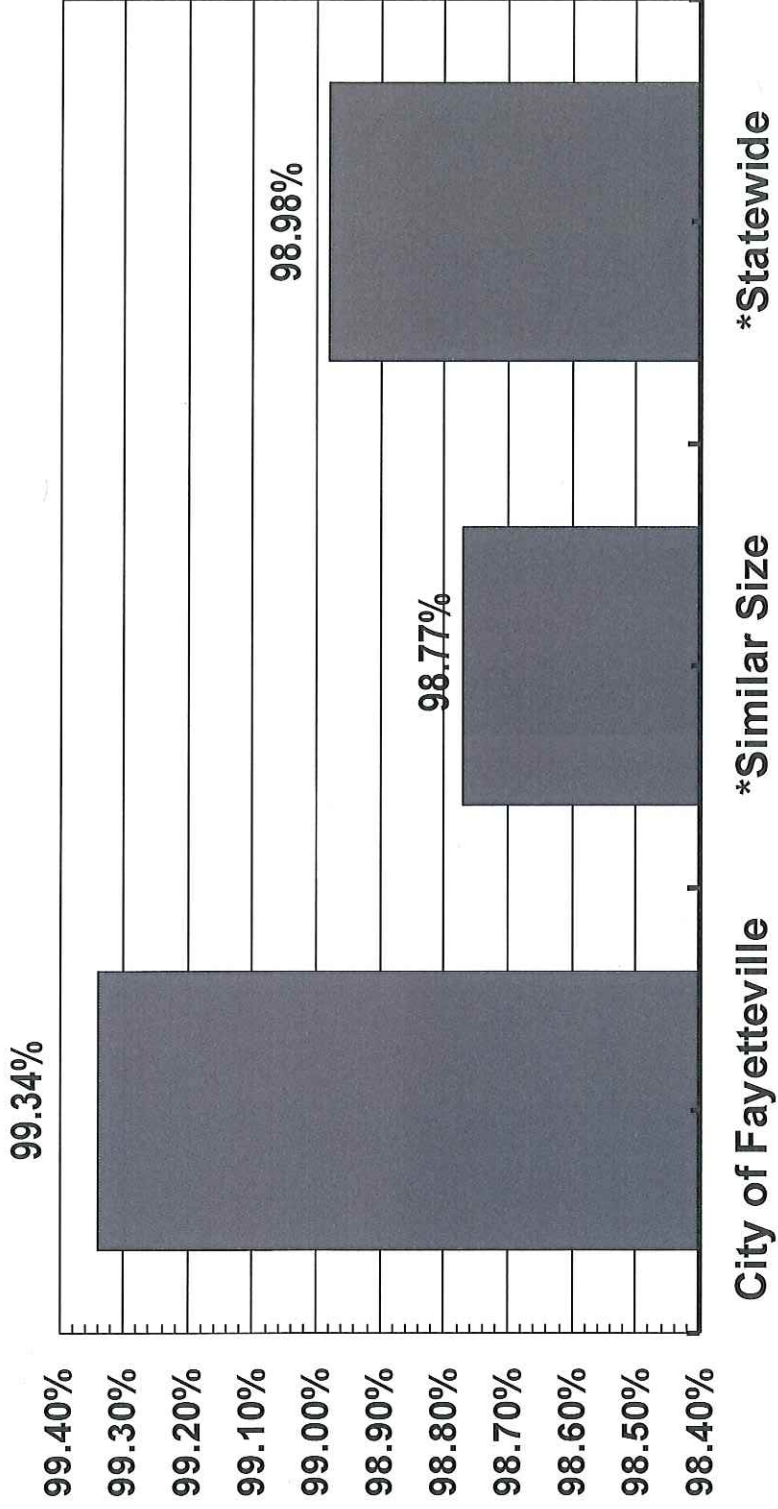
CITY OF FAYETTEVILLE, NC

Percent of Current Year's Property Tax Levy Collected

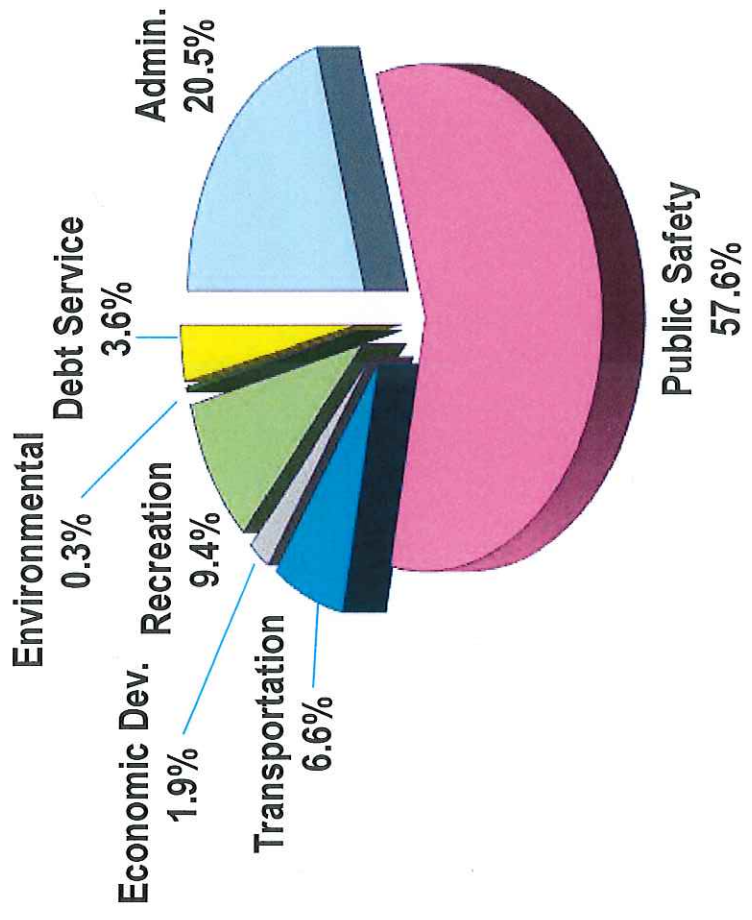


CITY OF FAYETTEVILLE, NC

Percent of Current Year's Property Tax Levy Collected
For the Year Ended June 30, 2017 (2016 Comparative Information Shown)

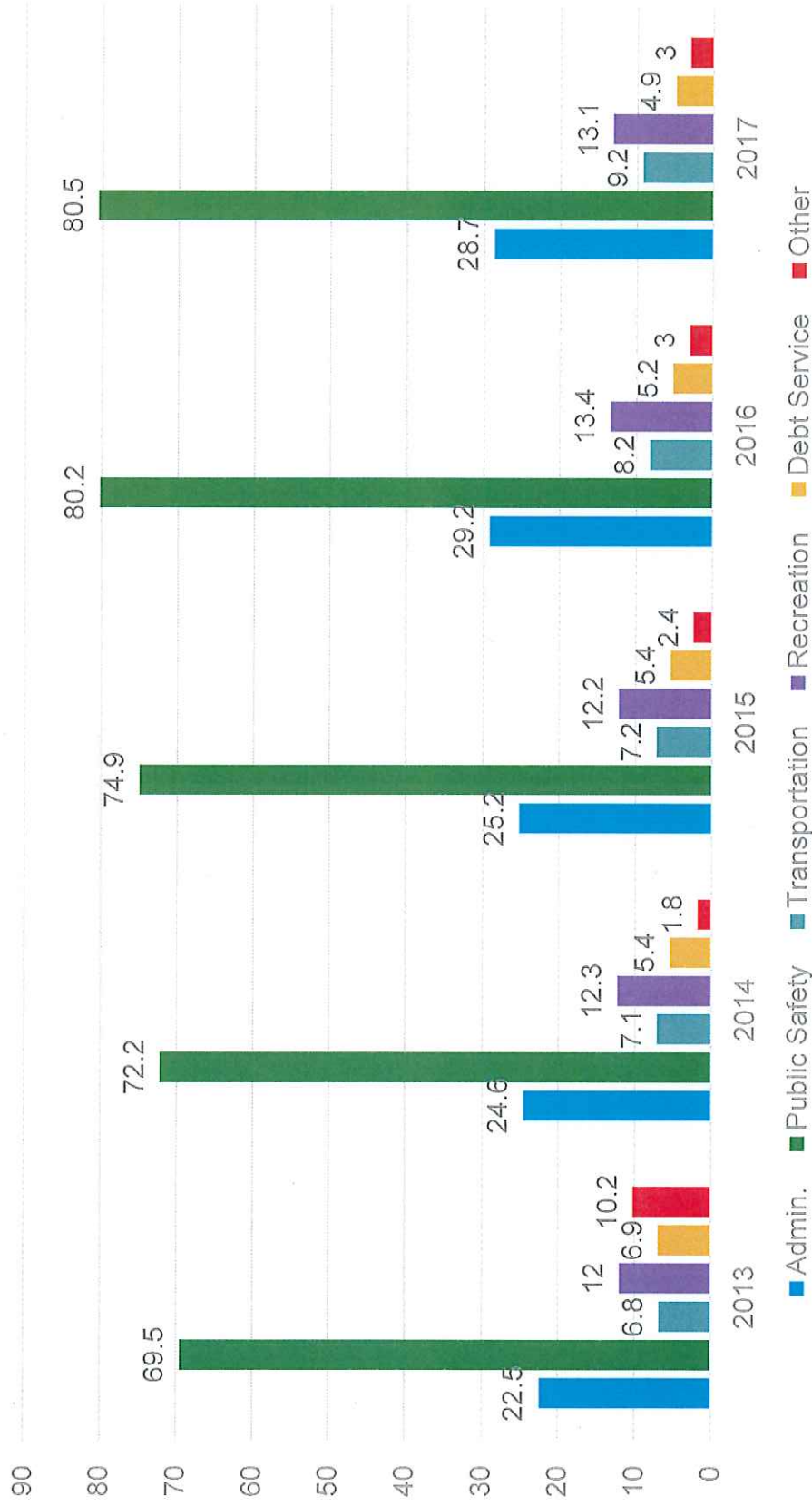


CITY OF FAYETTEVILLE, NC
General Fund Expenditures
For the Year Ended June 30, 2017



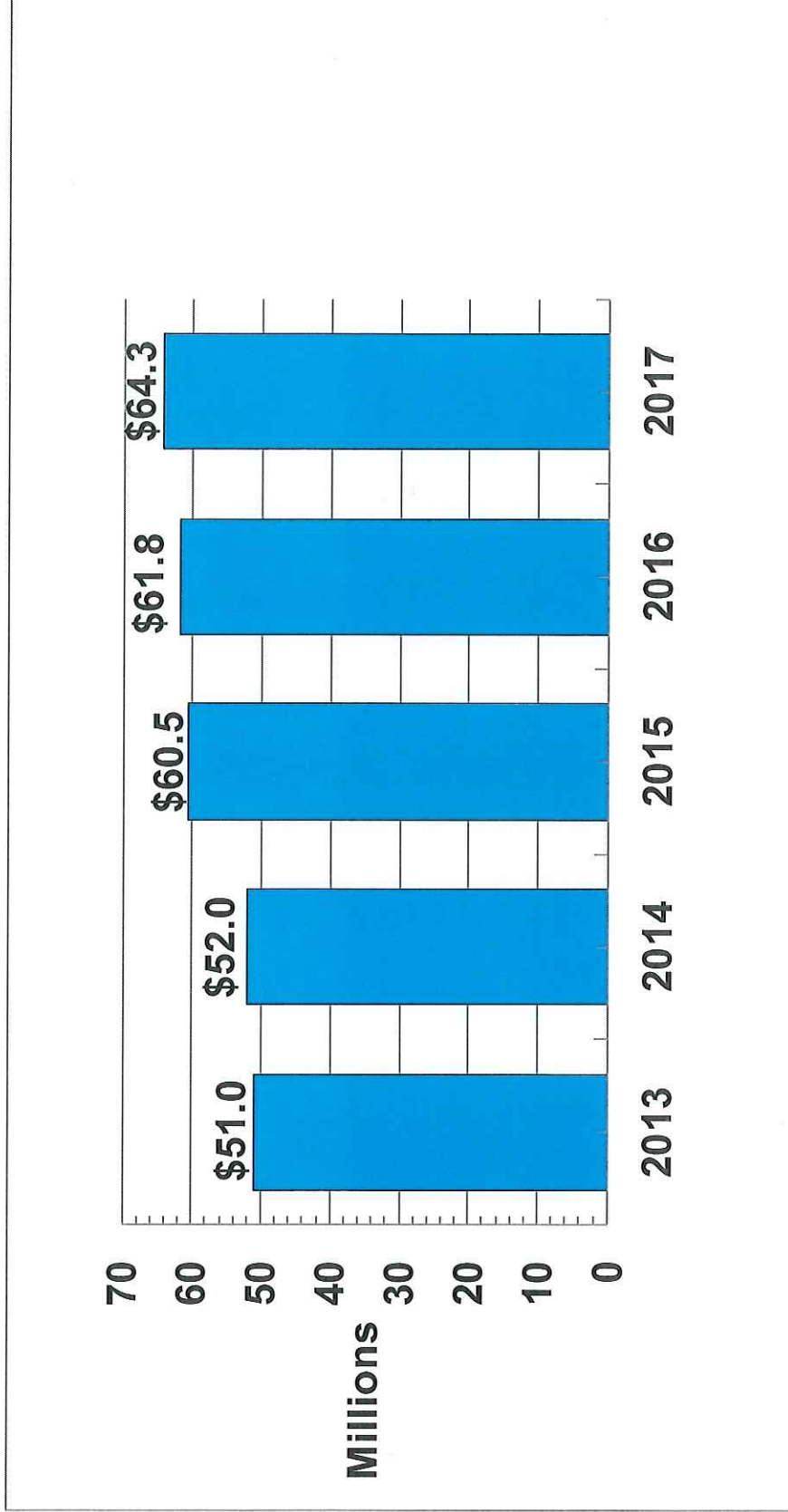
CITY OF FAYETTEVILLE, NC

Expenditure Growth by Segment (in millions)



CITY OF FAYETTEVILLE, NC

General Fund Balance



CITY OF FAYETTEVILLE, NC

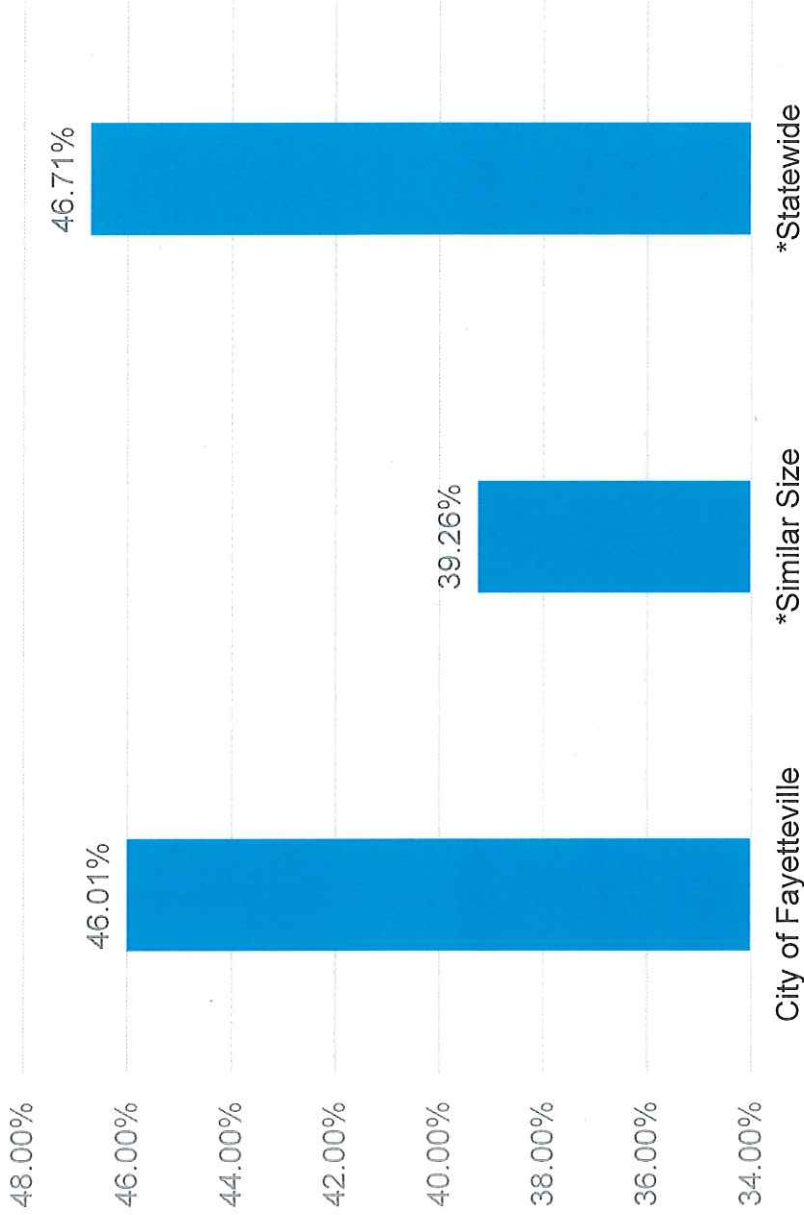
General Fund Balance Presentation

Fund balances:	
Non Spendable	
Inventory	57,332
Prepays	1,115,857
Restricted	
Stabilization by State Statute	23,362,174
For downtown	108,622
For Lake Valley Drive MSD	5,941
For county recreation	4,408,310
Donations	13,265
Committed	
Law Enforcement Officers'	
Separation Allowance	4,672,755
Assigned	
Subsequent year's expenditures	3,454,259
Special purposes	2,927,980
Capital projects	2,531,973
Unassigned	21,649,065
Total fund balances	<u>64,307,533</u>



CITY OF FAYETTEVILLE, NC

Fund Balance Available as a Percentage of General Fund Net Expenditures
For the Year Ended June 30, 2017 (2016 Comparative Information Shown)



*For year ended June 30, 2016



Compliance Results for the Year Ended June 30, 2017



Reporting Requirements

- Government Auditing Standards
- Federal Single Audit Act / Uniform Guidance
- State Single Audit Implementation Act

Major Programs Tested

- Major Federal Programs tested:
 - Community Development Block Grant/Entitlement Grant (CDBG) – CFDA #14.218
 - Disaster Grants – Public Assistance (Presidentially Declared Disasters) FEMA – CFDA #97.036
- Major State Programs tested:
 - Nonstate System Street Aid Allocation (Powell Bill)
 - State Aid to Airports Program
 - Disaster Grants – Public Assistance (Presidentially Declared Disasters) FEMA – NC Match

Government Auditing Standards- Report on Internal Control over Financial Reporting and on Compliance and Other Matters

- Control Deficiency- a control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.
- Significant Control Deficiency- a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Government Auditing Standards- Report on
Internal Control Over Financial Reporting and on Compliance
and Other Matters (continued)

- **Material Weakness-** a significant deficiency, or combination of significant deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

Government Auditing Standards- Report on
Internal Control Over Financial Reporting and On Compliance
and Other Matters (continued)

- **Two material weaknesses**
 - 2017-001 (PWC)
 - 2017-002 (PWC)
- **One significant deficiency**
 - 2017-003 (City of Fayetteville)

Material Weakness 2017-001

Section 2. Financial Statement Findings

Fayetteville Public Works Commission (PWC) (A Component Unit of City of Fayetteville)

- 2017-001 – Work Order Module Integration

Criteria: The Commission's work order module system, WAM, should be fully integrated with the general ledger whereby activity and amounts within WAM are the same as in the general ledger system.

Condition and Context: During testing of the WAM work order system, we noted that data and reports produced from WAM do not agree with balances in the EBS general ledger system. We also noted that not all indirect costs are being captured for allocation.

Effect: The allocation of costs between repairs and maintenance and construction in process is compromised. Significant and numerous reconciliations must be performed in order to ensure WAM has captured all charges through EBS for allocation. There is not currently a way to tie activity and balances in the WAM system back to construction in process additions and repairs and maintenance expenses.

Cause: WAM was not appropriately integrated to the general ledger during the initial IT integration of the software with the general ledger. Additionally, as a complex software module, IT staff and process staff must have the skills, knowledge and experience to effectively use and maintain the module.

Recommendation: We recommend the Commission have the IT department identify the root cause of the errors from initial integration and make corrections to the module and data processes appropriately in order to ensure full, seamless integration between WAM and the general ledger and accuracy of data. This includes appropriate production reports from both systems that allow sufficient monitoring of activity and balances throughout the year.

Material Weakness 2017-002

Section 2. Financial Statement Findings

Fayetteville Public Works Commission (PWC) (A Component Unit of City of Fayetteville)

- 2017-002 – Classification of Net Position

Criteria: The classification and calculation of the components of Net Position should be calculated and presented in accordance with GASB Statement 63.

Condition and Context: During testing of the sub-sections within the Net Position section of the Statement of Net Position, we noted the calculation of Net Investment in Capital Assets did not include all of the required components in accordance with GASB Statement 63.

Effect: The Net Investment in Capital Assets sub-section was understated for the electric and water/wastewater funds by \$13,030,944 and \$39,694,081, respectively. Unrestricted net position was overstated for the electric and water/wastewater funds by the same \$13,030,944 and \$39,694,081, respectively.

Cause: Inaccurate application of the requirements of GASB 63, as amended, related to the calculation of Net Investment in Capital Assets.

Recommendation: We recommend Fayetteville PWC review the requirements for the calculation of Net Investment in Capital Assets as described in GASB Statement 63; have the calculation prepared and reviewed by employees with the skills, knowledge, and experience with the rules of GASB Statement 63 as it pertains to the calculation and classification of the components of Net Position, and provide appropriate training to staff assisting in the preparation of PWC's CAFR.

Significant Deficiency 2017-003

Section 2. Financial Statement Findings

City of Fayetteville

- 2017-003 – General IT Controls

Criteria: Information technology internal controls should be in place to maintain the integrity of IT system and prevent data loss in the event of system failure.

Condition and Context: During our testing of general IT controls, we noted multiple areas in which controls were not in place or ineffective including IT change management, system user access, system administrator access, data backup, and data restoration.

Effect: Lack of or ineffective IT controls can result in unauthorized access to data, data corruption, or data loss.

Cause: IT governance policies and procedures are not regularly monitored and updated, resulting in outdated policies and procedures.

Recommendation: We recommend the City revise and adhere to their IT governance policies and procedures in order to provide reasonable assurance against data loss, data corruption, and unauthorized access.

Auditor's Required Communications- SAS 114

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	<p>Our responsibilities under auditing standards generally accepted in the United States of America, <i>Government Auditing Standards</i> issued by the Comptroller General of the United States, have been described to you in our arrangement letter dated May 1, 2017. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.</p>
Overview of the Planned Scope and Timing of the Financial Statement Audit	<p>We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.</p>

Auditor's Required Communication- SAS 114

Area	Comments
Accounting Policies and Practices	<p data-bbox="342 682 375 1417">Preferability of Accounting Policies and Practices</p> <p data-bbox="375 241 479 1417">Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p data-bbox="511 714 544 1417">Adoption of, or Change in, Accounting Policies</p> <p data-bbox="544 241 885 1417">Management has the ultimate responsibility for the appropriateness of the accounting policies used by the City. The City adopted the remaining portions of GASB Statement No. 73, <i>Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68</i>. The statement improves the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. As a result of the City's implementation of GASB Statement No. 73, we included an emphasis of matter paragraph in our report to reference the City's disclosure of this change. The emphasis of matter does not modify our opinions.</p> <p data-bbox="917 241 982 1417">The City also adopted GASB Statement No. 77, <i>Tax Abatement Disclosures</i> which had no effect on the City's Financial Statements.</p> <p data-bbox="1015 241 1222 1417">The City also adopted GASB Statement No. 79, <i>Certain External Investment Pools and Pool Participants</i>. This Statement enhances comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. This Statement did not have a significant impact on the City's financial statements.</p>



Auditor's Required Communications- SAS 114

Area	Comments
Accounting Policies and Practices (Continued)	Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
Management's Judgments and Accounting Estimates	Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.
Audit Adjustments	We did not propose any audit adjustments to the original trial balance.
Uncorrected Misstatements	There were no uncorrected misstatements
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the basic financial statements.

Auditor's Required Communications- SAS 114

Area	Comments
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed with or were the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Letter Communicating Internal Control Deficiencies	We have separately communicated the control deficiencies identified during our audit of the basic financial statements, and this communication is attached as Exhibit A.
Significant Written Communications Between Management and Our Firm	We have separately communicated significant deficiencies identified during our audit of the basic financial statements and major programs, as required by the Government Auditing Standards and the Uniform Guidance. This communication is included in the compliance section of the City's Comprehensive Annual Financial Report for the year ended June 30, 2017. Copies of significant written communications between our firm and the management of the City, including the representation letter provided to us by management, are attached as Exhibit B.



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Office of Internal Audit

**Compliance Audit 2018-03
Police Department Confidential
Funds**

February 2018

Director of Internal Audit
Elizabeth Somerindyke

Senior Internal Auditor
Rose Rasmussen

Internal Auditor
Traci Carraway



OUR MISSION

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

Director of Internal Audit
Elizabeth Somerindyke

Senior Internal Auditor
Rose Rasmussen

Internal Auditor
Traci Carraway

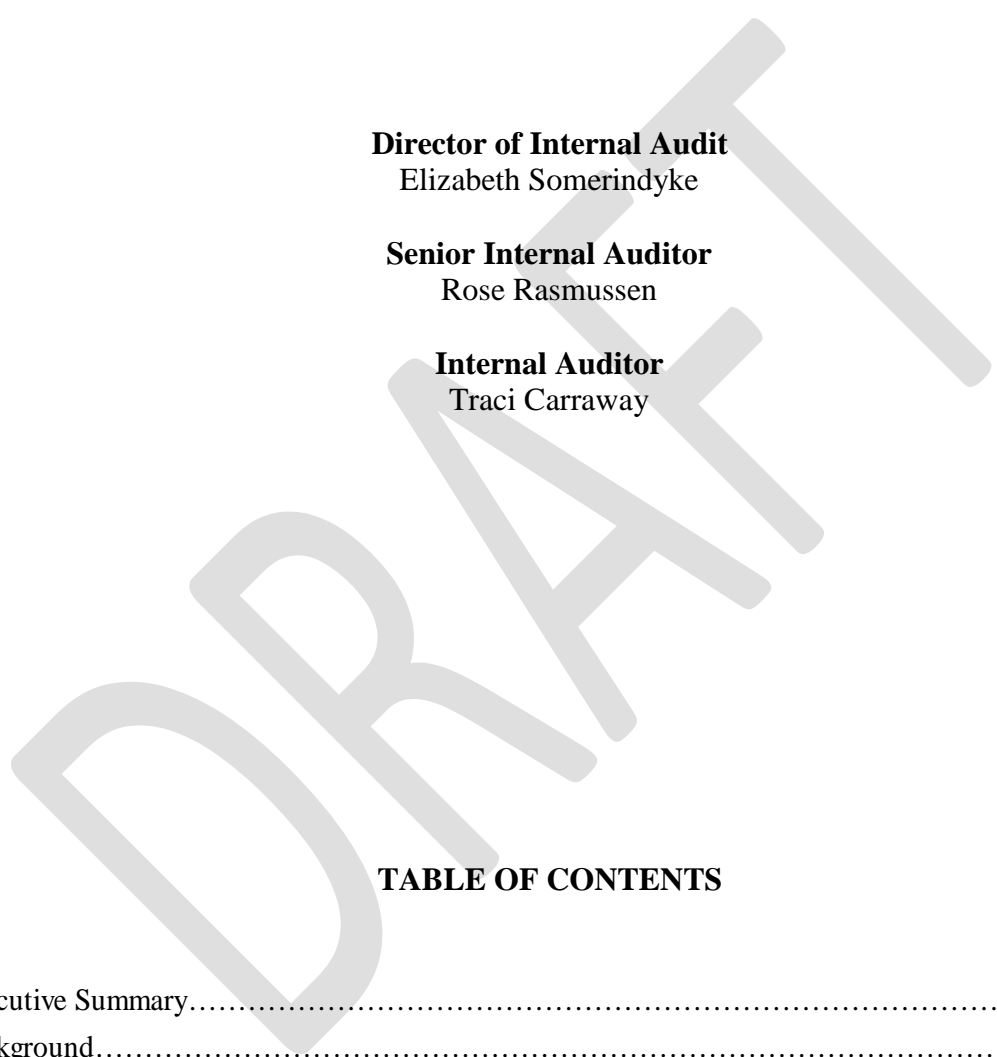


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<http://fayettevillenc.gov/government/city-departments/internal-audit>

Mailing Address: 433 Hay Street, Fayetteville, NC 28301

EXECUTIVE SUMMARY

The purpose of the audit was to evaluate compliance with the organization's policies and procedures; applicable laws, regulations and guidelines, and evaluate internal controls for the Police Department's confidential funds. In addition, the auditors reviewed to determine if sufficient corrective action was taken by management to address recommendations detailed in prior year audit reports.

The Office of Internal Audit reviewed use, security and maintenance of confidential funds for six of 38 (15.8%) personnel that utilized and/or maintained confidential funds for the period of July 1, 2016 to September 30, 2017. In addition, the auditors interviewed Police Department personnel involved in the administration, maintenance and use of the funds. The review also included the accounting records and documents pertaining to confidential funds.

The Office of Internal Audit concluded that the Police Department is generally in compliance with the organization's policies and procedures; applicable laws, regulations and guidelines regarding the Police Department's confidential funds. However, a lack of documented review and timely reporting was noted during this audit. Additionally, Internal Audit could not substantiate corrective actions taken for a prior year finding which identified the RMS disposal records did not provide adequate documentation to account for transfers from the Property and Evidence Room to the Narcotics Unit. Based on Internal Audit's inquiry, the implementation of this recommendation is in progress.

BACKGROUND

The Fayetteville Police Department's Special Investigative Division administers and controls an informant/expenditure cash fund. The units within this Division conducted covert operations and had an original annual budget for fiscal year ending June 30, 2017 of \$100,000. Allowable uses of this fund were to pay informants, purchase contraband or otherwise maintain and finance undercover or investigative operations approved by the Chief of Police or designee. By using these funds, the units were able to conceal their identity from criminals, vendors and the public.

The Narcotics Unit Lieutenant, within the Special Investigative Division, is the custodian for the cash fund. The custodian is responsible for the physical safeguarding of the cash in the fund, as well as assuring the money is used for authorized purposes. Separate ledgers are maintained by the Lieutenant and the Sergeants identifying all cash coming into the fund and all cash payments to personnel. All personnel sign a cash payment receipt (Form POL-518 – Receipt of Special Investigation Funds Narcotics Investigation Division) each time funds are spent or received.

AUDIT OBJECTIVES

The objectives of this audit were to determine if:

- Confidential funds were sufficiently administered in accordance with established laws, regulations, guidelines, policies and procedures;
- Proper internal controls existed and were working as intended to safeguard confidential funds from loss, theft or fraud;
- Expenditures and withdrawals from the funds were properly authorized, approved and recorded;
- Complete and accurate manual records were maintained for all deposits, withdrawals and other transactions affecting the confidential fund accounts;
- To the extent possible, that security provisions for automated records were operating to provide for separation of duties, data integrity and an audit trail; and
- Sufficient corrective actions were taken by management to address the recommendations detailed in prior fiscal year audit reports.

This audit was conducted pursuant to *Fayetteville Police Department Operating Procedure 5.8 Confidential Funds and Use of Informants* effective March 18, 2016 which states an audit of the confidential funds account will be conducted annually. Additionally, the audit was scheduled to be performed as part of the Office of Internal Audit's approved *Annual Audit Plan Fiscal Year 2018*.

AUDIT SCOPE

The scope of the audit included all current practices related to confidential funds. In addition, the audit period covered fund activity from July 1, 2016 to September 30, 2017 for the Fayetteville Police Department's Special Investigative Division.

AUDIT METHODOLOGY

To review compliance and determine the adequacy of internal controls, Internal Audit compared applicable written policies, procedures, laws, regulations and guidelines against actual practices of the Police Department. Internal Audit also interviewed Police Department personnel involved in the administration, maintenance and use of confidential funds. Additionally, Internal Audit reviewed the accounting records and documents pertaining to confidential funds to include Power DMS.

Through Power DMS, the Police Department can track and ensure all Police Department personnel have acknowledged receipt of documents, including new and/or updated operating procedures and other relevant documents. Reports from Power DMS were used to verify whether Police Department personnel involved in the administration, maintenance and use of confidential funds had acknowledged receipt of the most recent updates to operating procedures related to confidential funds.

For the period of July 1, 2016 to September 30, 2017, there were 38 personnel that utilized and/or maintained confidential funds. In order to conduct the audit, a sample size of six personnel (15.8%) that utilized and/or maintained confidential funds was judgmentally selected to reasonably ensure the sample allowed for diversity within the population.

Below is a chart which summarizes the expenditures audited from the sample:

Audited Expenditures of Confidential Funds¹	# of Transactions	Amount
Payments to Non-Departmental Personnel	92	14,271.87
Purchase of Contraband	57	29,076.00
Special Investigative Expense	6	846.99
Total Expenditures Audited	155	\$ 44,194.86

¹Does not include "administrative transfer of funds". These are funds that are transferred from one officer to another and are not expenditures of the funds.

Below is a chart which reflects the fund balances at the time of cash counts:

Summary of Cash on Hand	
Personnel²	Amount
Narcotics Lieutenant	\$ 16,000.00
Sergeant 1	1,740.00
Sergeant 2	1,440.00
Sergeant 3	440.00
Sergeant 4	772.80
Detective 1	-
Detective 2	460.00
Detective 3	45.00
Detective 4	630.00
Detective 5	248.00
Total	\$ 21,775.80

²Names were not used in this report, due to the sensitivity of undercover work.

FINDINGS, RECOMMENDATIONS, AND MANAGEMENT RESPONSES

Finding 1

Documentation of review and timely reporting were lacking.

1.1 – Documentation of review. Operating Procedure 5.8.6 as updated effective March 18, 2016, states: “Detectives will submit their completed Monthly Expenditure Report packet to their immediate supervisor for initial review. After the supervisory review is completed, the supervisor will submit all Monthly Expenditure Report packets to the Narcotics Office Assistant for the initial reconciliation. The Narcotics Office Assistant is responsible for the initial reconciliation of funds for review by the Narcotics Lieutenant. If the Narcotics Office Assistant is not available then the initial reconciliation will be done by the VCU Office Assistant. Completed packets will be forwarded to the Narcotics Lieutenant for initial review and then to the Major Crimes Division Captain for final reconciliation and review. The Narcotics Lieutenant will include a memorandum documenting significant activity involving confidential funds and will also document the monthly CI log file review and the random check of detective’s cash balance on hand completed during the month. The final packet and audit findings will be forwarded to the Division Captain by the Major Crimes Division Captain.” Furthermore, “The Division Captain will submit the completed monthly Confidential Funds file to the Bureau Commander each month for review.”

While the Monthly Expenditure Report packets appeared to be routed according to policy, there was not always clear documentation of the review. For the fifteen month period covered in the audit, there were 12 months (80%) with no documented review by the Major Crimes Division Captain and 6 months (40%) with no documented review by the Bureau Commander. Internal Audit noted a form titled “CI File Transfer/Review” included in the Monthly Expenditure Report packets for the months of January 2017 through June 2017. However, this form included dates of transfer from one individual to another but did not include signatures representing the review had been performed.

Currently, operating procedures require a review of the completed monthly Confidential Funds file by management, but does not require documentation representing the review was performed. Because of inherent limitations in any system of internal controls; errors or irregularities may occur and not be detected. Without management providing documentation that proper reviews were completed Internal Audit could not reasonably ensure the reports were reviewed and accountability had been established.

1.2 – Timely reporting. The performance of ensuring the Monthly Expenditure Reports were prepared timely, which would allow for timely detection of errors and appropriate corrective action, is an effective internal control.

Internal Audit noted the Monthly Expenditure Reports were not submitted timely. Using the date of the memorandum prepared by the Narcotics Unit Lieutenant, Internal Audit determined that an average 53 days elapsed from the end of the month before the Monthly Expenditure Report packets were compiled. In addition, there was an average of 83 days from the end of the month before the Monthly Expenditure Report packets were signed by the Special Investigative Division Captain.

Based on Internal Audit’s review, policies and procedures did not address reporting requirements to ensure the Monthly Expenditure Report is completed in a timely manner. Without the Monthly Expenditure Reports being timely submitted, errors may not be detected and addressed in a timely manner.

Recommendation

The Police Department personnel should assess the reporting and review process for confidential funds and take steps to correct any deficiencies in the process to ensure departmental objectives are achieved and departmental responsibilities are met. The process should be well documented in operating procedures so as to set forth requirements and expectations; to ensure consistency and reliability of information; and to provide adherence to applicable policies, laws and regulations.

Management’s Response

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

Departmental personnel will regularly review the process and document during their monthly reconciliation of confidential funds to ensure departmental objectives are achieved and the departmental policies are effective and efficient. Additionally, the Captain over the Narcotics Unit will be responsible for ensuring the process is reviewed and documentation is submitted in a timely manner no later than two months after the monthly reconciliation.

Responsible Party: Captain over Narcotics Unit

Implementation Date: Effective immediately, this process will begin and continue to be prioritized for accuracy and compliance.

FOLLOW-UP AUDIT RESULTS (A2016-01)

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

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

Original Finding 4 (Report A2016-01)

RMS disposal records did not provide adequate documentation to account for transfers from the Evidence Room to the Narcotics Unit.

City management is responsible for establishing and maintaining a system of internal controls to ensure financial activity is accurately reported and reliable. During the audit of confidential funds (buy money) transferred from the Evidence Room to the Narcotics Unit, the auditors identified \$8,871.00 recorded in the Narcotics Unit financial records. A report was requested from Police Department Evidence Room personnel showing all confidential funds (buy money) released from the Evidence Room to the Narcotics Unit confidential funds custodian from July 1, 2014 to June 30, 2015. Evidence Room personnel presented the auditors with a disposal report titled "Fayetteville Police Department" with disposition dates from January 29, 2010 to May 8, 2015. In addition, the Narcotics Unit provided Internal Audit with two Chain of Custody Signature Forms; dated August 26, 2014 for \$2,156.00 and May 8, 2015 for \$6,715.00. The following observations were noted:

1. When comparing the Evidence Room disposal report to the Chain of Custody Signature Forms, there was \$6.00 reflected on the Chain of Custody Signature Form with the disposition date of August 26, 2014 but not on the Evidence Room disposal report. Based on an Internal Audit inquiry, Evidence Room personnel were not able to identify the reason the \$6.00 was not removed from evidence when the barcode was scanned and the funds were transferred to the Narcotics Unit. Therefore, the \$6.00 did not show as disposed in RMS until Internal Audit identified the error and Evidence Room personnel corrected the evidence records.
2. Internal Audit noted \$4,000.00 on the Chain of Custody Signature Form with the disposition date of May 8, 2015 but was listed on the Evidence Room disposal report with a disposition date of January 29, 2010. Based on an Internal Audit inquiry, Evidence Room personnel were not able to identify the reason for the inconsistency in the disposed date. Once Internal Audit identified the discrepancy the Evidence Room personnel corrected the evidence records.

Overall, the Police Department Evidence Room personnel did not verify if disposed property was recorded accurately into RMS. Standard operating procedures in place did not incorporate this control. Verifying disposed property within RMS would ensure accurate recording of evidence records for the Police Department. In addition, processes were not in place to ensure confidential funds (buy money) disposed and transferred from Evidence to the Narcotics Unit was being independently reconciled and reviewed.

Original Recommendation

The Police Department personnel should update operating procedures regarding the transfer of confidential funds (buy money) to/from the Evidence Room and RMS. The operating procedures should include management oversight independent of the confidential funds process to perform periodic audits of the transfers to/from the Evidence Room to ensure confidential funds are accounted for and reconcile to the Evidence Room records.

FPD Management's Response: Management concurs.

FPD Explanation: The Evidence and Property Management Section is conducting a 100% inventory of currency due to restrictions generated from our antiquated hand written evidence card system used prior to 2011. By conducting this inventory and updating RMS there will no longer be a need to sign the older evidence card when a transfer of funds is conducted. With each individual item receiving a barcode all items will be scanned in the system, signed by an evidence clerk and the person receiving the transfer. A copy will be presented to the individual receiving the transfer. When the item is transferred the Evidence section will ensure that all boxes in RMS have been updated to reflect the transfer is complete.

FPD Solution: FPD will update Operating Procedure 6.2, Evidence and Property Management to identify management oversight independent of the confidential funds process. The Technical Services Unit Supervisor will include an audit sampling of the transfers to/from the Evidence Room to be documented in the Monthly Evidence Room Inspection Report. Training on the revised policies will be provided to all personnel assigned to the Property and Evidence function.

Responsible Party: Evidence Lieutenant

Implementation Date: February 1, 2016

Follow-up Report (A2017-02)

Police Department Operating Procedure 6.2 - *Evidence and Property Management* was updated effective March 18, 2016 to include procedures for disposal and transfer of confidential funds. Based on Internal Audit's review of confidential funds cash records, there were no transfers of cash from the Evidence Room to the confidential funds safe during the current audit period. Therefore, Internal Audit was unable to determine if the current practice and the policy update sufficiently addressed this recommendation. However, based on Internal Audit inquiry, the Police Department provided a memorandum proposing a process to require confidential funds to be released from the Evidence Room and be deposited into the City's general fund instead of returning the funds to the Narcotics Lieutenant's confidential funds safe.

Current Observation (A2018-03)

During the current audit period, there were no transfers of cash from the Police Department Property and Evidence Room to the Narcotics Lieutenant's confidential funds safe. However, there was one cash reimbursement from the U.S. Department of Justice, Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). During the prior year audit (A2017-02), the Narcotics Lieutenant proposed reimbursement of confidential funds, whether from the Property and Evidence Room or outside agencies to be deposited to the general fund via depositing with the City of Fayetteville Finance Department. Although the operating procedures were not updated with the proposed process, the payment received from ATF was deposited to the general fund as the memorandum proposed.

Based on Internal Audit inquiry, Police Department management continues to design procedures that will provide optimal improvement to the processes, to include overall effectiveness and efficiencies. Additionally, Internal Audit is currently conducting an audit of the Police Department Property and Evidence Room and changes will not be incorporated into operating procedures until the audit is completed.

Status of Recommendation

In Progress

CONCLUSION

Based on audit work, Internal Audit determined the Police Department generally adhered to the organization's policies and procedures; applicable laws, regulations and guidelines during the period July 1, 2016 through September 30, 2017. The Police Department's Special Investigative Division have continually reviewed and updated policies and procedures, which contributed to stronger controls and a general adherence to policies and procedures over confidential funds. However, a lack of documented review and timely reporting was noted during this audit. Internal Audit recommends an assessment of the monthly confidential funds reporting and review process to ensure departmental objectives are achieved and departmental responsibilities are met.

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

Signature on File
Elizabeth H. Somerindyke
Director of Internal Audit

Signature on File
Traci Carraway
Internal Auditor

Distribution:
Audit Committee
Douglas J. Hewett, City Manager
Gina V. Hawkins, Chief of Police

DRAFT



MEMORANDUM

February 1, 2018

TO: Audit Committee Members

FROM: Elizabeth Somerindyke, Internal Audit Director

RE: Quarterly Management Implementation Status Report

PURPOSE OF REPORT

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

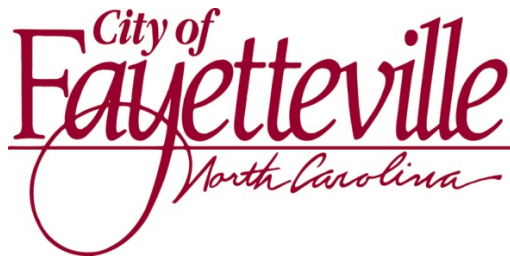
The short summary of the progress updates is provided to allow a quick assessment for all recommendations. The attached report represents updates given by management on the progress made to implement Internal Audit's recommendations. Except as otherwise noted, no assessment on the progress of the recommendations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

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

RECOMMENDATIONS

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

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



DEVELOPMENT SERVICES

Date: January 19, 2018

Memo To: Elizabeth Somerindyke, Internal Audit Director

From: Gerald A. Newton, Development Services Director
Michael L. Martin, Assistant Development Services Director

Subject: Management's Update and Implementation Revisions

Although the *2016 City of Fayetteville Compliance Audit Report 2016-02* was primarily concerned with the Permitting and Inspections Department, it is important to mention an organizational change that occurred and affects the roles and responsibilities of Permitting and Inspections as well as the implementations of the recommendations as written in the report.

Effective July 1, 2017, Permitting and Inspections merged with Planning and Code Enforcement to become the new Development Services Department. This merger not only created a change in title but also created changes in internal roles and responsibilities.

In order to better assist all development affiliated stakeholders within the City, the actual and perceived delineations of responsibility between departments was removed by creating an environment of one department to better meet the needs of our customers. As we examined the organizational changes and the possible effects that they would have on the audit findings, we felt as though it would be beneficial to review the current implementation of each finding to ensure that it matches the operations and needs of our current structure.

Upon review, the Internal Audit Department and the Audit Committee may note that multiple findings that were once in an *implemented* status have been reduced to a *partially implemented* status. This reduction in status is not intended to construe that the previous *implemented* status was erroneously or negligently applied within the last "Management Follow-Up Response." The sole purpose of the status reduction is to ensure that the lessons learned from the internal audit findings can be functionally applied with the same high-level of accountability to the new organizational structure. The reduction in implementation status applies to the following audit findings: 3, 5, 6, 7, 10, 11, 12, 13, 14, 15, 16, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 31, 32, 33, 34, and 35.

From a management perspective, the implementation of these recommendations is nearing completion with the last module of action being policy roll-out, delivery, and staff training to ensure that these lessons learned become engrained within the culture of our day-to-day operation. We are confident that we can fully implement all findings by September 30, 2018.

433 Hay Street Fayetteville, NC 28301-5537
www.FayettevilleNC.gov

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2017 - 2018 (2nd Quarter)

<u>Audit Title</u>	<u>Date Released</u>	<u>Recommendations</u>				
		Accepted	Implemented	Partially Implemented	Not Implemented	
Permitting and Inspections A2016-02	October 2016	35	35	5	30	0
City-wide Travel and Training A2017-01	January 2017	3	3	2	1	0
Contract Practices and Procedures A2016-06	October 2017	3	3	0	2	1

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2017-2018 (2nd Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – February 1, 2018	Management Follow-up Response – October 26, 2017
A2016-02 Permitting and Inspections				
1	<p>Permitting and Inspections management should perform a self-assessment of internal controls. Once risk areas are identified, steps should be taken to correct control deficiencies so departmental objectives are achieved and departmental responsibilities are met. Identifying risks and implementing control procedures will not protect assets and produce reliable information if personnel are not following established procedures. To ensure that controls are effective, Permitting and Inspections management should regularly review available documentation to confirm controls are being executed as designed. All documentation should be reviewed and signed off on by a supervisor to ensure completeness and accuracy. In addition, the self-assessment of internal controls should be performed periodically to address additional control deficiencies as they arise.</p>	<p>Workflow processes will be mapped and application-specific permitting procedures will be identified and placed in a checklist format that will be included in a manual of standard operating procedures. Weekly testing by the Building Official, Inspection Supervisors, and the Senior Administrative Assistant will be conducted and documented to identify any risk areas and to correct control deficiencies. Follow-up training will be provided in areas where control problems are identified.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already</i></p>	<p>Partially Implemented</p> <p>Findings #1 and #2 are considered by management to be the capstone of the internal audit reconciliation program, as these two findings culminate the requirements for internal policies/procedures, and the periodic self-assessment.</p> <p>As soon as the remainder of the findings have been remedied, Findings #1 and #2 will be considered fully implemented.</p> <p>Revised Implementation Date: 9/30/2018</p>	<p>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.</p> <p>Revised Implementation Date: 6/30/2018</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2017-2018 (2nd Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – February 1, 2018	Management Follow-up Response – October 26, 2017
A2016-02 Permitting and Inspections				
		<p><i>identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Building Official; Senior Administrative Assistant</p>		
2	<p>Written policies for the Permitting and Inspections Department should be developed to set forth requirements; to ensure consistency and reliability of information; provide adherence to laws and regulations, and include provisions for performance measure collection, calculation, review and reporting. The procedures should be updated and include sufficient information to allow an individual who is unfamiliar with the operations to perform the necessary activities. Policies and procedures should be</p>	<p>A comprehensive review of the existing Standard Operating Procedures for both the Permitting and Inspections divisions is currently underway because of major adjustments to procedures and work flows resulting from a substantial effort to simplify procedures and to more fully implement Cityworks, including the scheduling and online permit application functions. Upon completion of the review and revisions, each division's procedural manuals will include step-by-step instructions and</p>	<p>Partially Implemented</p> <p>Findings #1 and #2 are considered by management to be the capstone of the internal audit reconciliation program, as these two findings culminate the requirements for internal policies/procedures, and the periodic self-assessment.</p> <p>As soon as the remainder of the findings have been remedied, Findings #1 and #2 will be considered fully implemented.</p>	<p>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.</p> <p>Revised Implementation Date: 3/31/2018</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2017-2018 (2nd Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – February 1, 2018	Management Follow-up Response – October 26, 2017

A2016-02 Permitting and Inspections

	<p>revised to account for any changes in business processes. This is particularly important when new systems are developed and implemented or other organizational changes occur.</p>	<p>resources in order for existing and new staff to effectively perform their daily functions. This effort will take some time as it will require coordination with two vendors, in addition to multiple departments. Similarly, departmental policies will be developed in conjunction with this effort to govern issues identified in this Compliance Audit in Recommendations 1, 3 7, 9, 16, 20, 22, 26, 29, 31 and 32.</p> <p>The ultimate plan will be to expand this initiative to the inter-departmental level, with policies and procedures in place in order to provide consistent and positive customer service that is seamless across departmental lines. This will be pursued after the development of department policies and procedures and is not considered a direct response to this Audit.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL</i></p>	<p style="color: red; text-align: center;">Revised Implementation Date: 9/30/2018</p>	
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2017-2018 (2nd Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – February 1, 2018	Management Follow-up Response – October 26, 2017

A2016-02 Permitting and Inspections

		<p><i>software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Senior Administrative Assistant (for Permitting); Building Official (for Inspections)</p>		
3	Permitting and Inspections management should take specific measures to comply with records retention rules as governed by North Carolina General Statutes, North Carolina State Building	A departmental policy has been drafted to provide clear guidance to all staff members with regard to relevant records retention matters. Documentation of records retention will be consistent with State law	<p>Partially Implemented</p> <p>Our current operating practices have been revised and a department-specific records policy has been developed. We</p>	<p>This recommendation has been implemented. A total of 29 standard building inspection categories have been identified. Each category list the disposal instructions and guidelines. A</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2017-2018 (2nd Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
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A2016-02 Permitting and Inspections

	<p>Code; North Carolina Department of Cultural Resources Records Retention and Disposition Schedule, Fayetteville City Code, and City of Fayetteville Policies. Procedures should be outlined for retaining all supporting documentation and where the documentation will be kept taking into account records retention rules. Cityworks electronic files should be updated to include all available documentation not yet attached to a permit file within the system.</p>	<p>and City policy and will be managed by the Senior Administrative Assistant. Permission to utilize digital records as the primary method of retaining documents for building permit applications, building permits, construction plans, and associated correspondence will be sought from the NC Division of Cultural Affairs. Assuming permission is granted, hardcopy applications, plans, and correspondence will be retained in Permitting and Inspections Department files until testing confirms the security and accessibility of digital records in the Cityworks system and/or the records retention dates are exceeded.</p> <p>If permission is not granted by the NC Division of Cultural Affairs for digital records retention, hardcopy files will be retained in Permitting and Inspections Department files or in remote file storage in accordance with departmental policy.</p>	<p>are currently training staff for full consistent implementation of the policy.</p> <p style="color: red;">Revised Implementation Date: 9/30/2018</p>	<p>copy has been provided to Inspections Department staff with a review of the information.</p>
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2017-2018 (2nd Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – February 1, 2018	Management Follow-up Response – October 26, 2017
A2016-02 Permitting and Inspections				
		<p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Senior Administrative Assistant</p>		
4	To ensure compliance with the Fayetteville City Code, senior management should consider reorganizing the structure of the	The NC Building Code must be interpreted by someone certified to perform such interpretations, but this training may not qualify the	<p>Implemented</p> <p>As of 8/31/2017, this recommendation has been fully</p>	This recommendation has been implemented with the exception of of the departmental name change. The budget adopted on

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2017-2018 (2nd Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – February 1, 2018	Management Follow-up Response – October 26, 2017

A2016-02 Permitting and Inspections

	<p>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.</p>	<p>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.</p> <p>As of November 15, 2016, departmental personnel will coordinate all NC Building Codes through the City’s Building Official. A review of the City’s entire development review process will be conducted on the organizational structure and an implementation of the</p>	<p>implemented.</p>	<p>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.</p> <p>Revised Implementation Date: 8/31/2017</p> <p>The City Council adopted the departmental name change on September 11, 2017.</p>
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2017-2018 (2nd Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – February 1, 2018	Management Follow-up Response – October 26, 2017

A2016-02 Permitting and Inspections

		<p>recommendation is anticipated to be completed in early 2017 with the FY18 budget.</p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: City Manager</p>		
5	<p>Permitting and Inspections personnel should ensure compliance with the Fayetteville City Code Chapter 7, Building Code, Part II, Article III Enforcement, Section 7-62(a)(1) Permits Required, by requiring a bond be posted at the time of demolition permit application. Additionally, the City Code should be updated to define the amount of the bond, whereas; currently the amount is defined as “good and sufficient”.</p> <p>However, if Permitting and Inspections management determine bonding requirements for demolition permits are not required as provided in the Fayetteville City Code Chapter 7,</p>	<p>The City Code provides for a requirement that is no longer generally needed. Small-scale demolitions are currently managed through contracts that require the contractor to carry liability insurance sufficient to cover any claims that result. We will propose revising the City Code to delete the bonding requirements except in unusual circumstances, such as where the structure to be demolished shares a common wall with another structure or for larger projects that go through the formal bid process.</p> <p>Implementation Date: 4/30/2017</p> <p>Responsible Party: Planning and Code Enforcement Director</p>	<p>Partially Implemented</p> <p>Our internal processes and ordinances have been and are currently being modified to reflect the change in the code of ordinances.</p> <p>To limit the individual discretion to the maximum limit as possible, internal policy is being developed to provide guidance on when bonds (in general) may be required.</p> <p>Revised Implementation Date: 9/30/2018</p>	<p>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</p>

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2017-2018 (2nd Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – February 1, 2018	Management Follow-up Response – October 26, 2017

A2016-02 Permitting and Inspections

	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.			ordinance change and the new policy will begin immediately.
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	While report creation is part of the Information Technology Department’s top priorities for Cityworks “fixes,” locking out the report is a customization that will require additional funding to complete. Information Technology has completed the process of watermarking the reports in question with a watermark that says INVALID if the report is printed before all the required inspections, payments, or documents are completed. <i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to</i>	Partially Implemented The process-related component of this finding has been revised with the marking of all invalid permits. The procedural component is currently being implemented by development of a policy on how staff is to mitigate permits that have expired or are invalid. Revised Completion Date: 9/30/2018	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.

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2017-2018 (2nd Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – February 1, 2018	Management Follow-up Response – October 26, 2017
A2016-02 Permitting and Inspections				
	compliance.	<p><i>continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 11/30/2016 (workaround) TBD ultimate resolution</p> <p>Responsible Party: Information Technology Information Manager</p>		
7	The Permitting and Inspections Department should ensure compliance with North Carolina General Statutes and the North Carolina State Building Code and create formal procedures for the certificate of compliance and certificate of occupancy process.	Management has reached out to the Supervisor of the Code Inspections Section of the Department of Insurance for clarification on this finding. Section 204.8 Certificate of Compliance of the Administration Code gives a guideline for issuing Certificates of Compliance and Certificates of Occupancy. The Inspections Department is meeting all	<p>Partially Implemented</p> <p>While this recommendation was implemented by verification with the North Carolina Department of Insurance, the recent organizational change has led us to re-examine the issuance of C/O's and other types of occupancy allowances.</p>	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 Occupancy. This

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		<p>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.</p> <p>Implementation Date: 10/5/2016</p> <p>Responsible Party: Building Official</p>	<p>Internal policies are currently being developed and re-designed to incorporate the revised development process and system.</p> <p>Revised Completion Date: 9/30/2018</p>	<p>action includes departmental policies and procedures pertaining to Certificate of Compliance and Certificate of Occupancy.</p>
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.	<p>Implemented</p> <p>This recommendation was implemented on 5/8/17.</p>	<p>This recommendation has been implemented with the amendment of Chapter 7 by City Council on May 8, 2017.</p>

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		<p>Implementation Date: 4/30/2017</p> <p>Responsible Party: Planning and Code Enforcement Director</p>		
9	<p>Testing performed by Internal Audit in Cityworks revealed deficiencies, whereas, there were areas where Internal Audit was not able to determine compliance with laws and regulations. Therefore, Permitting and Inspections management should consider having a specialized audit of the Cityworks software to ensure the deficiencies revealed in Cityworks are remedied and will provide an adequate level of control, ensure processes are put in place to address controls in which Cityworks is unable to perform, and the software is utilized to its maximum efficiency.</p> <p>The Office of Internal Audit recommends Permitting and Inspections management review</p>	<p>While a number of the aspects of this finding have been addressed, the Permitting and Inspections Department will seek assistance from the Information Technology department in order to fulfill this recommendation in its totality. In particular, Information Technology will work with all PLL user areas and Internal Audit Staff to ensure that the necessary controls and permissions are in place.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another</i></p>	<p>Partially Implemented</p> <p>While most of the sub-findings within this category have been resolved, the following items are considered partially implemented:</p> <p>9-1: The scheduling function of Cityworks is currently being developed for the City’s use.</p> <p>9-5: The department is currently developing an action plan to address the historical file of expired permits through Code Enforcement actions.</p> <p>9-8: An upcoming update to Cityworks is expected to remedy this issue</p>	<p>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.</p> <p>Revised Implementation Date: 6/30/2018</p>

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	<p>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.</p> <p>Permitting and Inspections</p>	<p><i>PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Senior Administrative Assistant (for Permitting); Building Official (for Inspections); PCE Director (for code changes); Information Technology Director; Assistant and Deputy City Manager</p>	<p>9-11: Policy developed on Fee Calculation</p> <p>9-12: Policy developed on Inspection Findings (resulting, notes, etc)</p> <p>9-13: A department specific policy that references CoF Policy #114.</p> <p>Revised Implementation Date: 9/30/2018</p>	
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	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.			
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	Partially Implemented Our Work Quality Review Policy will be expanded to encompass the recent organizational change and will tie together other related items such as Training, Work Quality Review, and Performance Measurement. Revised Implementation Date: 9/30/2018	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

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		<p>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.</p> <p>The Building Official has adjusted Inspections Supervisors workloads to allow for field-checking for work performed by subordinate inspectors. Until Cityworks can be configured to track and report on these field-checks, the Building Official will instruct the Inspections Supervisors to document the inspections which have been checked in a spreadsheet format. Additionally, Inspections Supervisors are providing one-hour weekly training sessions for subordinate personnel (non-inspector personnel also attend these sessions; see management</p>		policy is ongoing.
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		<p>response to Recommendation 13.)</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 11/30/2017</p> <p>Responsible Party: Senior Administrative Assistant (Permitting); Building Official (Inspections)</p>		
11	The Permitting and Inspections Department should establish	The Building Official is working with Information Technology's	Partially Implemented	This recommendation has been implemented. Permitting &

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	<p>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.</p>	<p>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.</p> <p style="color: red; font-style: italic;"><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make</i></p>	<p>The department is creating a policy to define what our data is, how we track our data, and how we use the data for performance measurement.</p> <p>The City’s policies concerning data governance will be implemented on a department specific basis.</p> <p style="color: red; font-weight: bold;">Revised Implementation Date: 9/30/2018</p>	<p>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.</p>
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		<p><i>recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Senior Administrative Assistant (for Permitting); Building Official (for Inspections)</p>		
12	The Office of Internal Audit recommends Permitting and Inspections management consult with Information Technology personnel to review the impact on Cityworks regarding this instance and any other changes made by the 2015 update. Any data integrity issues should be reviewed to determine if any data needs	<p>This will require a great deal of input and assistance from Information Technology.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make</i></p>	<p>Partially Implemented</p> <p>While the process-related component was resolved, a policy is being developed that is specific to Development Services concerning the calculation of fees and the integrity of data (as discussed in finding 11).</p>	<p>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.</p>

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	'cleaned' and fix any 'clean up' considered necessary.	<p><i>recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: IT Project Manager</p>	<p>Revised Implementation Date: 9/30/2018</p>	
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	<p>Training for non-inspector personnel will consist of the following training types, to be implemented as funding and operational considerations allow:</p> <ul style="list-style-type: none"> • Annual training conducted by the Building Official regarding the administrative requirements and standards of the North Carolina Building Code. • Non-inspector personnel currently participate in the 	<p>Partially Implemented</p> <p>While the process-related content of the finding has been revised, the department is finalizing an internal training policy to detail training and proficiency expectations.</p> <p>Revised Implementation Date: 9/30/2018</p>	<p>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</p>

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	<p>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.</p>	<p>weekly one-hour training of inspectors by the Inspections Supervisors.</p> <ul style="list-style-type: none"> • 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 		<p>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.</p>
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		<p>held employee training of both inspectors and permitting staff on the related materials.</p> <ul style="list-style-type: none"> • 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. <p style="color: red; font-style: italic;">As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has</p>		
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		<p><i>authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Interim Permitting and Inspections Director</p>		
14	Permitting and Inspections management should identify the kinds of reporting information needed in order to adequately track and assess the efficiency of the permitting process. Internal Audit recommends Permitting and Inspections management work with the Information Technology	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	<p>Partially Implemented</p> <p>As discussed in Finding #11, the department is developing a policy that defines how the data is defined, how to preserve the integrity of the data, and how to use the data to measure performance. Reporting</p>	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

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	<p>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.</p>	<p>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.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Information Technology Project Manager</p>	<p>functions of operational software will be discussed within this policy.</p> <p>Revised Implementation Date: 9/30/2018</p>	<p>training. A new plan review software is in the process of being implemented that will include other departments.</p>
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15	<p>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.</p>	<p>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.</p> <p style="color: red; font-style: italic;"><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information</i></p>	<p style="background-color: #fff9c4;">Partially Implemented</p> <p>The department is currently in development of an electronic plan review platform. In development of this platform, we are currently defining visual workflows that illustrate the development review and permitting process. The department will develop a manual in association with the plan review platform that gives the customer a transparent view of what is expected.</p> <p style="color: red; font-weight: bold;">Revised Implementation Date: 9/30/2018</p>	<p>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.</p>
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		<p><i>Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Interim Permitting and Inspections Director</p>		
16	<p>The written policies and procedures recommended in Finding 2 should include practices for closing or otherwise terminating permits that have been abandoned past a certain time threshold as such jobs may require the project to comply with newer, safer building codes and would help protect the public safety. Permitting and Inspections management should continue working with the Information Technology Department and the software developer to implement changes that would update a permit status as it is moved through permitting and inspections processes. Once these changes</p>	<p>The Information Technology Department is currently working on implementing an automated expiration process for permits that have not received an inspection within six months or that exceed the expiration date after issuance of the permit. Until the automation of expiring permits is implemented, the Permit Technicians are able to query a report to manually expire permits, as well as, export an excel report capturing the number of cases that were manually expired per Permit Technician. The Senior Administrative Assistant will draft a written procedure and policies as set forth in the recommendation and for compiling data for performance</p>	<p style="text-align: center;">Partially Implemented</p> <p>While the process-related content of this finding has been mitigated, the department has developed a policy on the issuance and maintenance of open permits.</p> <p style="text-align: center;">Revised Implementation Date: 9/30/2018</p>	<p>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.</p>

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	have been completed and thoroughly tested, the impact on historical information that may occur should be assessed before implementing such changes.	<p>measuring purposes.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 11/30/2017</p> <p>Responsible Party: Senior Administrative Assistant</p>		
17	Allowing permits to expire should not be an easy method to avoid inspection and circumvent	Cityworks procedure changes are necessary to effectuate compliance with this finding. Permits that have	Implemented Implemented per last follow-up	This recommendation has been implemented. Section 7-68 of the City Code was amended by

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	<p>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.</p> <p>The Cityworks software should be configured to automatically expire permits based on specific criteria. A risk assessment should be prepared before permits within Cityworks are automatically expired, whereas, implementing this program could have a significant impact on permits.</p> <p>A report should be created and run at some stated interval to resolve expired permits and impose a terminal status of EXPIRED. Some consideration should also be given to sending a notice to the permit holder advising of the expiration of the permit due to lack of activity and giving the permit holder an opportunity to respond.</p>	<p>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.</p> <p>Staff will propose revisions to the City Code to ensure compliance with the NC Building Code.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment</i></p>	<p>response.</p>	<p>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.</p>
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	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.	<p><i>is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 4/30/2017</p> <p>Responsible Party: IT Project Manager for permit expiration notices; Planning and Code Enforcement Director for changes to City Code.</p>		
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	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.	Implemented Implemented per last follow up response	This recommendation was implemented in February 2017. There have been no issues regarding addresses in the intervening five months since this issue was resolved.

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	<p>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.</p>	<p>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.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of</i></p>		
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	Recommendation	Management Response	Management Follow-up Response – February 1, 2018	Management Follow-up Response – October 26, 2017
A2016-02 Permitting and Inspections				
		<p><i>Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Chief Information Officer</p>		
19	The Office of Internal Audit recommends Permitting and Inspections management review the existing Fee Schedule to determine whether enhancements would provide additional transparency and clarity for citizens and contractors. In addition, Permitting and Inspections management should ensure consistency among the	<p>Management is currently reviewing the permit fees and the permit applications for all four trades. Once we have corrected our fee schedule and permit applications, we will write the policy and procedures to make sure all permits are accurately issued and valued.</p> <p>Implementation Date: 6/30/2017</p>	<p>Partially Implemented</p> <p>The department is currently reviewing the fee scheduling and cross-examining it with our permit applications to ensure that all language is consistent, clear, and transparent.</p> <p>Revised Implementation Date: 9/30/2018</p>	<p>This recommendation has been implemented. The City Council adopted the Permitting & Inspections Fee Schedule when they adopted the budget on June 26, 2017.</p>

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	permit application, Fayetteville City Code and the Fee Schedule.	Responsible Party: Building Official		
20	<p>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.</p> <p>Permitting and Inspections management should develop written procedures which should be followed to ensure a documented reconciliation between the amounts billed/refunded in Cityworks and actual revenue posted in the general ledger is performed at regular intervals. The reconciliation should be completed with verification of the balances by a second authorized individual including initialing and dating reports to document a review and reconciliation was performed.</p>	<p>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.</p> <p>The Permit Technicians have previously trained on the reset procedures of the Point of Sale cash drawers. A draft procedure on “Reconciliation Cash Drawers” has been prepared for review and</p>	<p>Partially Implemented</p> <p>The IT department is currently working with the Cityworks developers to ensure that the date of transactions matches the date on other financial software systems.</p> <p>The department is currently developing and refining policies that incorporate the City’s Financial Policies to a department specific level.</p> <p>Revised Implementation Date: 9/30/2018</p>	<p>This recommendation has been implemented. The reconciliation 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.</p>

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	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.	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		
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	Partially Implemented While the Home Owner Recovery Fee is being properly collected, we are currently researching as to whether the Home Owner Recovery Fee is being refunded properly. The department is currently developing and refining policies that incorporate the City’s Financial Policies to a department specific level. Revised Implementation	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 allocated as intended.

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		<p>accurately reconciled amongst the Cityworks Revenue Report and General Ledger within JDE.</p> <p>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.</p> <p>Implementation Date: 10/3/2016</p> <p>Responsible Party: Senior Administrative Assistant</p>	Date: 9/30/2018	
22	<p>Permitting and Inspections management should require, annually, all personnel who handle cash receipts to read the Cash Handling General Procedures and sign acknowledging receipt and understanding of the procedures.</p> <p>A formal written refund policy to provide guidance and direction on how to process refunds should be</p>	<p>The Senior Administrative Assistant provided Permit Technicians copies of the city’s Cash Handling General Procedures. Each of the technicians received, reviewed, and signed the Cash Handling General Procedures Acknowledgement form. A copy of the Cash Handling General Procedures is readily accessible to the Permit Technicians and such</p>	<p>Partially Implemented</p> <p>The department is currently developing and refining policies that incorporate the City’s Financial Policies to a department specific level.</p> <p>Revised Implementation Date: 9/30/2018</p>	<p>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</p>

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	<p>developed. In addition, Permitting and Inspections personnel should be trained on these policies.</p> <p>Permitting and Inspections management should ensure quality reviews are done for all cash receipt processes.</p>	<p>policy will be reviewed and signed on an annual basis as recommended by the Finance Department.</p> <p>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.</p> <p>The Senior Administrative Assistant will conduct quarterly quality reviews of the issuance process which will include cash handling procedures. This process will begin the third quarter of FY17.</p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Senior Administrative Assistant</p>		<p>receipt procedures. As mentioned in Finding 20, regular training will occur on this new policy as well.</p>
23	Internal Audit recommends Permitting and Inspections	Personnel duties will be defined to require the front line permit	Partially Implemented	This recommendation has been implemented with the hiring of

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	<p>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.</p> <p>Additionally, Permitting and Inspections management should assess the Administrative Assistant’s job description and determine if additional education, experience or knowledge related to internal controls is needed due to the supervision of cash handling functions and update the job description or position as deemed appropriate.</p>	<p>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.</p> <p>Management is reviewing a vacant Permitting and Inspections position against the recommendation and will request a study from the Human Resource Department. Once the study is complete, management will recruit for this position in November 2016.</p> <p>Implementation Date: 9/30/2017</p> <p>Responsible Party: Interim Permitting and Inspections Director</p>	<p>The department is currently developing and refining policies that incorporate the City’s Financial Policies to a department specific level.</p> <p>Revised Implementation Date: 9/30/18</p>	<p>the Permit Technician Supervisor. In addition, the separation of assignments of the permit technicians has occurred.</p>
24	<p>The Office of Internal Audit recommends Permitting and Inspections management work with the Information Technology Department to establish a process for security of faxed information.</p>	<p>The fax machine vendor programmed the Permitting Multi-Functional Device (fax machine) so permit applications received can only be printed by means of entering a security code. Faxes are</p>	<p>Partially Implemented</p> <p>The department is currently developing and refining policies that incorporate the City’s Financial Policies to a</p>	<p>This recommendation has been implemented.</p>

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	<p>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 - <i>Security of Sensitive and Confidential Information and Breach Response Plan</i>.</p>	<p>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.</p> <p>The Finance Department provided the Senior Administrative Assistant a copy of the city’s policy #311, Security of Sensitive and Confidential Information and Breach Response Plan. Each technician received, reviewed, and signed the Acknowledge form. The Senior Administrative Assistant also prepared a draft policy of a Security and Confidential Information for review by the Permitting and Inspection Director. Upon review and approval of the policy, the Senior Administrative Assistant will conduct mandatory training to all Permit Technicians within two weeks following adoption. The Senior</p>	<p>department specific level.</p> <p>Revised Implementation Date: 9/30/2018</p>	
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		<p>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.</p> <p>Implementation Date: 9/30/2016</p> <p>Responsible Party: Senior Administrative Assistant</p>		
25	<p>Permitting and Inspections management should coordinate with the Information Technology Department and/or the software developer to develop controls within Cityworks to ensure permits are not printed before all pre-permitting requirements are met and the hardcoded status on the permit should read the status within Cityworks.</p>	<p>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</p>	<p>Partially Implemented</p> <p>While the process-related content of this finding has been addressed, the department is developing a policy to ensure that all human-related internal controls related to the issuance of permits is consistent and compliant.</p>	<p>This recommendation has been implemented with the adoption of the amendment of Chapter 7 by City Council on May 8, 2017.</p> <p>This finding also involved developing controls in CityWorks that prevented permits from being issued prior to all pre-permitting</p>

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	<p>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.</p>	<p>inspections, payments, or documents are completed.</p> <p>We will coordinate with the Department of Insurance to determine the need for building inspectors to issue trade permits.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 11/30/2016 for the workaround. TBD for the</p>	<p>Revised Implementation Date: 9/30/2018</p>	<p>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.</p>
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		ultimate resolution. Responsible Party: IT Project Manager		
26	<p>Internal Audit recommends Permitting and Inspections management review applications, the Fee Schedule and Cityworks, and ensure they are consistent with one another. In addition, Permitting and Inspections management should review all permit applications to ensure all necessary information is required on the applications, applications are clear, and assess whether any unnecessary information should be removed from the applications. Once the applications are updated and made available to the contractors/homeowners, their use should be enforced.</p> <p>In order to be in compliance with North Carolina General Statutes, Inspectors should issue permits. However, prior to permit issuance, Permitting and Inspections</p>	<p>We will coordinate with the Department of Insurance to determine the need for building inspectors to issue trade permits. Staffing and workload issues may preclude quality control by inspection supervisors without additional resources as has been noted in responses to prior findings. Staff will work with Information Technology to see if exceptions can be identified for quality control purposes. Once these issues are resolved, policies and procedures will be developed and training conducted to ensure subordinate staff adherence to the policies and procedures.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of</i></p>	<p>Partially Implemented</p> <p>The department is currently reviewing the fee schedule and cross-examining it with our permit applications to ensure that all language is consistent, clear, and transparent.</p> <p>An internal policy is being developed in regards to permit issuance and work-quality review to address the human-related consistency component of permitting.</p> <p>Revised Implementation Date: 9/30/2018</p>	<p>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 data 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</p>

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	<p>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.</p> <p>Permitting and Inspections management should establish a quality review process for the Permitting and Inspections Department. Due to the high volume of applications, the likelihood of finding an exception by spot checking is statistically low. Therefore, when establishing a quality review process, Permitting and Inspections management could consider exception-based reporting from Cityworks which could identify unusual transactions, such as a residential building permit without a homeowner recover fee charged.</p>	<p><i>Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Building Official; Senior Administrative Assistant</p>		<p>objectives are achieved. and is a tool for performance evaluation of the inspectors. Ongoing training and review will occur as part of this implementation.</p>
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	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.			
27	<p>Internal Audit recommends the appropriate inspector review all written applications as defined by NCGS and Fayetteville City Code, Chapter 7, Article III before a permit is issued. This review should include the status of the contractor’s license.</p> <p>Additionally, Internal Audit recommends Permitting and Inspections personnel establish and follow written procedures to ensure each contractor’s license is valid when issuing a permit. Since permits expire December 31 each year and become invalid 60 days from that date unless renewed, Permitting and Inspections should</p>	<p>The Planning and Code Enforcement Director will review the City Code and propose any modifications that are necessary to modernize and ensure consistency between the City Code, the NC Building Code, and departmental procedures and policies.</p> <p>Management has reached out to the Supervisor of the Code Inspections Section of the Department of Insurance for clarification on inspector issuance of permits. The Permitting and Inspections Department is meeting all requirements for the issuance of trade and building permits in our current practice.</p>	<p>Partially Implemented</p> <p>While the process-related component of license review has been implemented, a policy is being revised to incorporate consistent research of contractor’s license within the issuance of permits.</p> <p>In addition, the City Attorney’s Office provided guidance that once the permit has been issued, it is the contractor’s responsibility to maintain his license in accordance with the 2012 North Carolina Administrative Code and Policies Section 204.3.6 which reads <i>“It shall be the duty of</i></p>	<p>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 privilege license. Since privilege licenses are no longer allowed, another method is required to ensure contractors have the proper license.</p> <p>Permitting Technicians now review all contractor's licenses</p>

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	<p>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.</p>	<p>Management is currently reviewing the permit fees and the permit applications for all four trades. Once we have corrected our fee schedule and permit applications, we will write the policy and procedures to make sure the permit is accurately issued and valued.</p> <p>The Permit Technicians are currently following procedures of verifying contractors licenses prior to the issuance of permits. The Senior Administrative Assistant will draft a policy and procedures to ensure that this process is being validated. The Senior Administrative Assistant will complete monthly random quality control checks to ensure that this recommendation is followed through.</p> <p>In speaking with the North Carolina Licensing Board for General Contractors, they are looking into developing a WebService with</p>	<p><i>every person who contracts for the installation or repair of a building or service system to comply with State or local rules and regulations concerning licensing.”</i></p> <p>Revised Implementation Date: 9/30/2018</p>	<p>prior to issuing a permit. A written procedure documenting these steps has been developed to ensure the proper steps are taken.</p>
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		<p>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.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list</i></p>		
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		<p><i>will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 9/30/2017</p> <p>Responsible Party: Planning and Code Enforcement Director (code changes); Senior Administrative Assistant (procedures)</p>		
28	<p>Permitting and Inspections management should coordinate with the Information Technology Department and/or the software developer to develop controls within Cityworks to prevent creating duplicate permits. Should Cityworks not have this capability; Permitting and Inspections management should work with personnel within the department on mitigating controls to ensure duplicate permits are not being created. All permit applications should be reviewed by an appropriate level inspector before a permit is issued at which time, the inspector can verify that a</p>	<p>Cityworks cannot currently prevent the creation of duplicate permits, however, it will allow you to see all the existing permits, cases, service requests and work orders at a given address.</p> <p>Resolution of this issue is dependent on a vendor’s schedule. Additionally, consideration should be given to distinguishing between a trade permit and a building permit with regard to the qualifications of the issuing authority. If inspectors have to sign off on all permits prior to their issuance, a significant resource issue will be created due to permit volume. If this is the</p>	<p>Partially Implemented</p> <p>While the process-related content of this finding has been addressed, the department is developing a policy to ensure that all human-related internal controls related to the issuance of permits is consistent and compliant (ie, the research of previously issued permits)</p> <p>Revised Implementation Date: 9/30/2018</p>	<p>This recommendation was implemented several months earlier. Ongoing training with the Permit Technician is occurring on a regular basis now that the Permit Division is fully staffed.</p>

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	<p>duplicate permit is not being created.</p>	<p>direction of the Interim City Manager, we will produce a plan for implementation for consideration during the FY18 budget cycle.</p> <p>Information Technology is working with software developer to bring a Cityworks PLL trainer on site to provide specialized PLL training.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p>		
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		<p>Implementation Date: 11/15/2016</p> <p>Responsible Party: Interim Permitting and Inspections Director and Information Technology Director</p>		
29	<p>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.</p>	<p>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.</p> <p style="color: red;"><i>As it relates to the deficiencies that address the Cityworks PLL</i></p>	<p>Partially Implemented</p> <p>While the process related content of this finding has been remedied, a policy has been developed on Inspection Results. Training will occur throughout the entire department to ensure consistent compliance.</p> <p style="color: red;">Revised Implementation Date: 9/30/2018</p>	<p>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.</p> <p>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.</p>

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A2016-02 Permitting and Inspections				
		<p><i>software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Building Official</p>		
30	Internal Audit recommends the Permitting and Inspections Department prohibit the practice of bypassing system controls by deleting and/or resulting inspections on the workflow as "NA". Quality reviews should be conducted by management to	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	<p>Implemented</p> <p>With the assistance of IT, the department has implemented the recommendation preventing the bypassing of system controls.</p>	Permitting & Inspections working with IT has implemented this recommendation preventing the bypassing of system controls.

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A2016-02 Permitting and Inspections

	<p>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.</p>	<p>department is working closely with the IT department as well as with Cityworks in order to address this issue.</p> <p>As we modify the case types and workflows additional security will be added which will prohibit the addition or deletions of task in the workflow.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p>		
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A2016-02 Permitting and Inspections

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

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A2016-02 Permitting and Inspections				
		<p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Building Official</p>		
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.	<p>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.</p> <p><i>As it relates to the deficiencies that</i></p>	<p>Partially Implemented</p> <p>While the process-related content was addressed by ordinance amendment and Cityworks modification, the recent merger requires that a policy be developed illustrating the distinct duties of Inspections and Code Enforcement with demolition permits.</p> <p>Revised Implementation Date: 9/30/18</p>	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 specific 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 alerting them of a need for an inspection. A written policy and procedures has been developed to establish responsibilities for this oversight.

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A2016-02 Permitting and Inspections

		<p><i>address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 11/15/2016, with the City Code Changes to occur in January 2017</p> <p>Responsible Party: Senior Administrative Assistant (for Permitting); Building Official (for Inspections); PCE Director (for code changes and PCE policies and procedures)</p>		
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33	<p>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.</p>	<p>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</p> <p style="color: red;"><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting</i></p>	<p>Partially Implemented</p> <p>The fee schedule has been modified to reflect permit fees based upon heated and non-heated area.</p> <p>In addition to the fee schedule modification, the building inspectors have initiated a process to evaluate and compare area and value based upon footings and the current fair market value.</p> <p>A process is being developed to standardize the process mentioned above and ensure that it is being conducted effectively and consistently.</p> <p style="color: red;">Revised Implementation Date: 9/30/2018</p>	<p>This recommendation was implemented with the Fee Schedule adopted on June 26th.</p> <p>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 procedures. Training will be developed to follow these</p>
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A2016-02 Permitting and Inspections				
		<p><i>and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Building Official</p>		procedures.
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.	<p>Management is writing a formal callback policy. Once this policy is completed, we will modify Cityworks so that a callback fee will be automatically issued in accordance to the policy. Once this callback policy is completed, then management will notify the contractors and train the inspectors.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and</i></p>	<p>Partially Implemented</p> <p>In addition to the callback fee, a policy is being implemented for staff training on the consistent implementation of call-back fees.</p> <p>Revised Implementation Date: 9/30/2018</p>	<p>The Fee Schedule that included a revised callback fee was adopted by City Council on June 26th.</p> <p>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 fine when a failed inspection occurs. Failure to admister this policy uniformly causes trust and fairness issues</p>

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A2016-02 Permitting and Inspections

		<p><i>refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Building Official</p>		from our customer. Training and constant review will be conducted on this particular item.
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	<p>Partially Implemented</p> <p>Current scheduling practices have been modified to support multi-trade inspections in unit installs and change outs.</p> <p>A policy is also being written (in conjunction with the new scheduling function of Cityworks as discussed in Finding #9) concerning the automated assignment of multi-trade inspectors to new unit</p>	This recommendation has been implemented.

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A2016-02 Permitting and Inspections

		<p>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.</p> <p>Implementation Date: 10/1/2016</p> <p>Responsible Party: Building Official</p>	<p>installs and change outs.</p> <p>Revised Implementation Date: 9/30/18</p>	
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A2017-01 City-wide Travel and Training				
1	<p>The Office of Internal Audit recommends management update the <i>City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures</i> 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</p>	<p>We concur. Management is in full agreement with the recommendation.</p> <p>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.</p> <p>Responsible Party: Ray Oxendine, Treasurer</p> <p>Implementation Date: April 1, 2017</p>	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>

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A2017-01 City-wide 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.			
2	The Office of Internal Audit recommends management review and update the <i>City of Fayetteville Policy # 307 Employee Development, Training, and Travel Expenditures</i> 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.	We concur. Management is in full agreement with the recommendation. The Travel and Training Policy will be updated to address audit recommendations. Resources will be reviewed to ensure they are used in the most cost-effective manner. Training on processes and procedures will be offered. Accounts Payable staff will increase efforts to monitor travel documents. Responsible Party: Ray Oxendine, Treasurer Implementation Date: April 1,	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.

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A2017-01 City-wide Travel and Training

		2017		
3	<p>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.</p> <p>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.</p>	<p>We concur. Management is in full agreement with the recommendation.</p> <p>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.</p> <p>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</p>	<p>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 transactions for coding errors and are making adjustments if needed.</p> <p>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</p>	<p>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 transactions for coding errors and are making adjustments if needed.</p> <p>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</p>

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A2017-01 City-wide Travel and Training

		<p>treated differently than North Carolina sales tax.</p> <p>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.</p> <p>Responsible Party: Ray Oxendine, Treasurer</p> <p>Implementation Date: April 1, 2017</p>	<p>on an as needed basis. Accounts Payable staff is always available by email or telephone for questions, information or other requests.</p>	<p>on an as needed basis. Accounts Payable staff is always available by email or telephone for questions, information or other requests.</p>
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A2016-06 Contract Practices and Procedures

1	<p>The Office of Internal Audit recommends management determine if the City Manager’s Office is the most appropriate department to be responsible for <i>Policy #120 City of Fayetteville General Contracting Practices and Procedure</i> based on the ability to provide oversight and management of all policy provisions and appendices. Once determined, management should designate personnel/positions responsible for the oversight and management of the policy and ensure the personnel/positions responsible have the ability to enforce contract policy provisions. This recommendation is applicable for all findings within this report and will have a direct impact on the management responses for oversight and monitoring of compliance with the policy.</p>	<p>We concur. Management is in full agreement with the recommendation.</p> <p>The approvals required and the procedures within Policy #120 City of Fayetteville General Contracting Practices and Procedure were initially assigned to the City Manager’s Office; however, after further review and evaluation, the oversight and management of the policy to include the appendices is being assigned to the Finance department. Currently, the Finance department is responsible for the Purchasing function along with playing a major role with citywide contracting. Furthermore, Policy #120 City of Fayetteville General Contracting Practices and Procedure will continue to require the City Manager to approve all delegation of contract signature authority as authorized by the City’s Code of Ordinances Chapter 2 Article III Section 2-61.</p>	<p>Partially Implemented</p> <p>The Purchasing Division of Finance accepts the responsibility of Policy #120 City of Fayetteville General Contracting Practices and Procedure.</p> <p>Policy #120 City of Fayetteville General Contracting Practices and Procedure will continue to require the City Manager to approve all delegation of contract signature authority as authorized by the City’s Code of Ordinances Chapter 2 Article III Section 2-61.</p>	<p>Not Applicable – Audit report presented at October 26, 2017 Audit Committee meeting.</p>
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A2016-06 Contract Practices and Procedures

		<p>Implementation Date: 01/31/2018</p> <p>Responsible Party: Chief Financial Officer or designee</p>		
2	<p>1. Clarification should be added to <i>Policy #120 City of Fayetteville General Contracting Practices and Procedures</i> to:</p> <p style="margin-left: 20px;">a. Define the conditions under which a purchase order is required; and</p> <p style="margin-left: 20px;">b. Require all signatures on contracts in Laserfiche be dated.</p> <p>2. Training and monitoring practices to ensure procedures are being followed by all user departments should be improved.</p> <p>3. A quality control program should be developed to help ensure purchase orders are obtained prior to purchase or start of service, and all</p>	<p>1. We concur. Management is in full agreement with the recommendation.</p> <p>To ensure full implementation and compliance, the City Manager will assign the Chief Financial Officer the responsibility to define the conditions under which a purchase order is required and to require that all signatures on contracts in LaserFiche be dated.</p> <p>2. We concur. Management is in full agreement with the recommendation.</p> <p>To ensure full implementation and compliance, the City Manager will assign the Chief Financial Officer the responsibility of providing training and monitoring practices to ensure purchase order procedures are being followed by all user</p>	<p>Partially Implemented</p> <p>1. The Purchasing Division of Finance is currently updating the Contract policy and procedures and will present recommendations for implementation and training to the Senior Management Team for approval.</p> <p style="margin-left: 20px;">a. The conditions under which a purchase order is required is when the estimated cost more than \$1000.00</p> <p style="margin-left: 20px;">b. All contracts are required to be signed and dated in Laserfiche.</p> <p>2. The Purchasing Division of Finance accepts the responsibility of providing training and monitoring practices to ensure the purchase</p>	<p>Not Applicable – Audit report presented at October 26, 2017 Audit Committee meeting.</p>

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	contracts are fully executed with all required approvals, signatures and the City Seal.	<p>departments.</p> <p>3. We concur. Management is in full agreement with the recommendation.</p> <p>To ensure full implementation and compliance, the City Manager will assign the Chief Financial Officer the responsibility to develop a quality control program to help ensure purchase orders obtained prior to purchase or start of service, and all contracts are fully executed with all required approvals, signatures and the City Seal.</p> <p>Implementation Date: 03/31/2018</p> <p>Responsible Party: Chief Financial Officer or designee</p>	<p>order procedures are being followed by all users departments.</p> <p>The Purchasing Agent and Buyers provide requisition and purchase order training to all new employees prior to access to JDE</p> <p>3. The Purchasing Division of Finance accepts the responsibility to enforce the policy that all purchases made by the City of Fayetteville over \$1000.00 must have a purchase order and approved by Chief Financial Officer prior to confirming to the supplier that they should provide a good or service</p>	
3	1. Clarification should be added to <i>Policy #120 City of Fayetteville General Contracting Practices and Procedures</i> defining the conditions under which a	<p>1. We concur. Management is in full agreement with the recommendation.</p> <p>To ensure full implementation and compliance, the City Manager will</p>	<p>Not Implemented</p> <p>The Purchasing Division of Finance accepts the responsibility to providing clarification to Policy #120,</p>	Not Applicable– Audit report presented at October 26, 2017 Audit Committee meeting.

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A2016-06 Contract Practices and Procedures

	<p>contract is required;</p> <p>2. Training and monitoring practices to ensure procedures are being followed by all user departments should be improved;</p> <p>3. A quality control program should be developed to help ensure contracts are obtained prior to purchase or start of service; and</p> <p>4. Management should establish a central repository for all City contracts.</p>	<p>assign the CFO the responsibility of providing clarification to Policy #120, City of Fayetteville General Contracting Processes and Procedures in an effort to define the conditions under which a contract is required.</p> <p>2. We concur. Management is in full agreement with the recommendation.</p> <p>To ensure full implementation and compliance, the City Manager will assign the CFO the responsibility of providing training and monitoring practices to ensure contract procedures are being followed by all user departments.</p> <p>3. We concur. Management is in full agreement with the recommendation.</p> <p>To ensure full implementation and compliance, the City Manager will assign the CFO the responsibility to develop a quality control program</p>	<p>City of Fayetteville General Contracting Processes and Procedures in an effort to define the conditions under which a contract is required.</p> <p>The Purchasing Division of Finance is currently updating the Contract policy and procedures and will present recommendations to the Senior Management Team for approval.</p> <p>The Purchasing Division of Finance accepts the full responsibility for the implementation, compliance, training and monitoring of #120, City of Fayetteville General Contracting Processes and Procedures in an effort to define the conditions under which a contract is required.</p> <p>3. The City of Fayetteville Organizational Development & Training department has agreed to assist Purchasing a division</p>	
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A2016-06 Contract Practices and Procedures

		<p>to help ensure all contracts are fully executed with all required approvals, signatures and the City Seal.</p> <p>4. We concur. Management is in full agreement with the recommendation.</p> <p>All contracts will go through contract routing and LaserFiche will serve as the contract repository.</p> <p>Implementation Date: 03/31/2018</p> <p>Responsible Party: Chief Financial Officer or designee</p>	<p>of Finance in providing an overview and clarifications to all department users, Policy #120, General Contracting Processes and Procedures . The overview will consist of defining the conditions under which a contract is required and the process of routing a contract.</p> <p>4. All contracts with the exception of Construction contracts will go through contracting routing and Laserfiche will serve as the contract repository, construction contracts will be routed manually.</p>	
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