



Audit Committee Meeting
June 26, 2018 @ 3:30 pm
1st Floor – LaFayette Room
433 Hay Street, Fayetteville, NC 28301

AGENDA

1. Call to Order
 2. Approval of Agenda
 3. Approval of Meeting Minutes
 4. Discussion of Appointment of Officers
 5. Internal Audit Activities (*Presented by Elizabeth Somerindyke, Internal Audit Director and Rose Rasmussen, Sr Internal Auditor*):
 - a. Police Department's Evidence and Property Management Compliance Audit 2018-01
 6. Quarterly Management Implementation Status Report
 7. Adjournment
-

Attachments:

- a) Meeting Minutes – February 1, 2018
- b) Police Department's Evidence and Property Management Compliance Audit Report 2018-01
- c) Quarterly Management Implementation Status Report 3rd Quarter FYE18

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

**AUDIT COMMITTEE MINUTES
LAFAYETTE CONFERENCE ROOM, 1ST FLOOR
CITY HALL, 433 HAY STREET, FAYETTEVILLE
THURSDAY FEBRUARY 1, 2018
3:30 P.M.**

Committee Members Present: Pamela Jackson, Vice Chair
Bill Crisp, Council Member
Larry Wright, Council Member
Wade Fowler, PWC Commissioner (via telephone)

Others Present: Linda Murphy, RSM US LLP (Departed at 4:24 p.m.)
Lou Cannon, Partner, RSM US LLP (Departed at 4:24 p.m.)
Media

Staff Present: Elizabeth Somerindyke, Internal Audit Director
Karen McDonald, City Attorney
Douglas Hewett, City Manager
Telly Whitfield, Assistant City Manager (Departed at 4:24 p.m.)
Cheryl Spivey, Chief Financial Officer (Departed at 4:24 pm.)
Kim Toon, Purchasing Manager
Rose Rasmussen, Senior Internal Auditor, Internal Audit
Tracey Carraway, Internal Auditor, Internal Audit
Gina Hawkins, Police Chief
Lisa Harper, Assistant City Attorney
Michael Martin, Assistant Director of Development Services
Jennifer Ayre, Senior Administrative Assistant

1. Call to Order

Vice Chair Jackson called the meeting to order at 3:38 p.m.

2. Introduction of New Audit Committee Members

Council Member Larry Wright introduced himself as Council Member, District Seven.

3. Discussion of Appointment of Officers

Ms. Somerindyke asked if the Committee would like to vote on a Chairman and Vice Chairman. Ms. McDonald stated that because it is Vice Chair Jackson's last meeting it would be prudent to vote for both; however since two Committee members are not in attendance allow Vice Chairman to continue serving in the capacity and make the appointment of officers as the first item of business at the next meeting.

4. Approval of Agenda

MOTION: Council Member Crisp moved to approve the agenda

SECOND: Council Member Wright

VOTE: UNANIMOUS (4-0)

5. Approval of Minutes

October 26, 2017

MOTION: Council Member Wright moved to approve the October 26, 2017 minutes

SECOND: Council Member Crisp

VOTE: UNANIMOUS (4-0)

6. Fiscal Year Ended June 30, 2017 Comprehensive Annual Financial Report and Audit Results (Presented by Lou Cannon, Partner, RSM US LLP)

Ms. Cheryl Spivey introduced Lou Cannon, Partner with RSM and Linda Murphy, Manager of the Audit.

Mr. Cannon presented a PowerPoint slide presentation regarding the Comprehensive Annual Financial Report for fiscal year 2017.

The City of Fayetteville received an unmodified “clean” opinion which is the highest level of assurance.

Mr. Cannon stated the audit also reviewed control deficiencies. Deficiencies exist 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 an error on a timely basis. Deficiencies are categorized in three different ways: Control Deficiency (Minor), Significant (Acute), and Material Weakness (Severe).

Two material weaknesses were found at PWC, a work order module and the classification of net positions (already addressed), and one significant deficiency at the City, general IT policy and procedure controls (City has a plan to address).

Mr. Cannon presented the required Statement on Auditing Standards (SAS) #114.

Mr. Cannon thanked the staff for all of their help in providing requested details in a professional manner and team effort.

MOTION: Council Member Crisp moved to accept the Comprehensive Annual Financial Report and Audit Results For Year Ending June, 20, 2017

SECOND: Mr. Wade Fowler

VOTE: UNANIMOUS (4-0)

7. Internal Audit Activities (Presented by Elizabeth Somerindyke, Internal Audit)

Ms. Somerindyke stated the Annual Police Department Confidential Funds Compliance Audit was performed by internal audit to evaluate compliance with the Police Department’s Special Investigative Division’s policies and procedures as well as any state laws. Review was from July 1, 2016 – September 30, 2017.

Council Member Wright asked about items that are acquired during an arrest that are kept in evidence. He asked if money acquired during arrests, if after a certain time, can it be used by the City. Chief Hawkins stated that the laws regarding retention of items is very detailed. If it is seized under regular process it goes to state education, if federally seized a percentage can be used, the City can also tax the individual on the items seized.

MOTION: Council Member Wright to accept the Police Department Confidential Funds Compliance Audit for March 2018

SECOND: Council Member Crisp

VOTE: Unanimous (4-0)

8. Quarterly Management Implementation Status Report

No information was presented.

Council Member Crisp wanted to verify that the permitting and inspections issues that were presented at an earlier meeting are still being addressed. Mr. Martin stated that the findings are still being worked and they have given a completion date of September 30, 2018. Ms. Somerindyke stated that they will re-audit after six months from completion and report back to the Audit Committee

9. Adjournment

There being no further business, the meeting adjourned at 4:41p.m.

MOTION: Council Member Crisp moved to adjourn

SECOND: Mr. Wade Fowler

Respectfully submitted,

JENNIFER L. AYRE
Senior Administrative Assistant
020118

PAMELA JACKSON
Committee Vice Chair

Office of Internal Audit



Compliance Audit 2018-01 Police Department's Evidence and Property Management

June 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

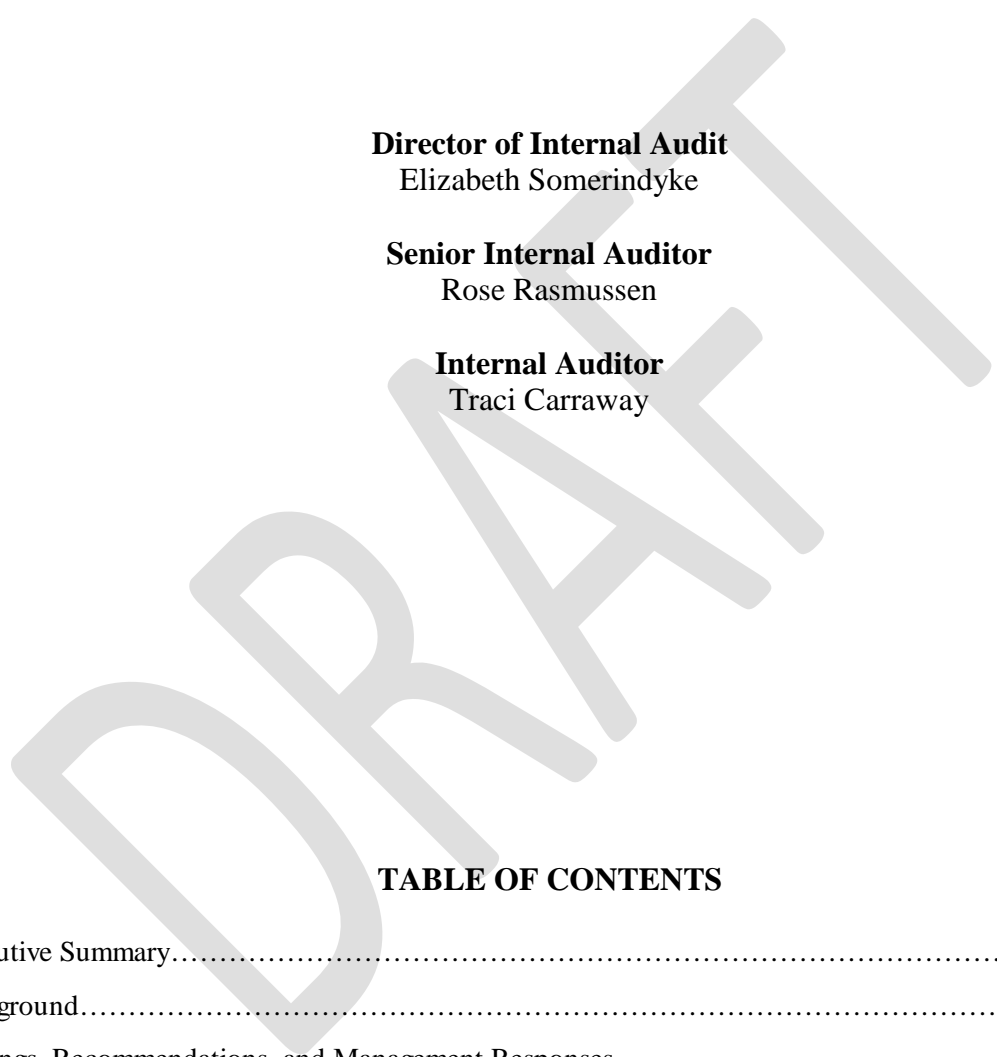


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<http://fayettevillenc.gov/government/city-departments/internal-audit>

Mailing Address: 433 Hay Street, Fayetteville, NC 28301

EXECUTIVE SUMMARY

This audit was conducted as a recommendation to the Police Department's Confidential Funds Audit A2017-02 and was included in the Fiscal Year 2017-2018 Audit Plan. The Office of Internal Audit assessed compliance with relevant policies, procedures, laws, rules and regulations to determine if property and evidence were received, maintained, transferred and disposed of in accordance with relevant policies, procedures, laws, rules and regulations; if evidence records were maintained accurately; and if adequate internal controls existed to safeguard property and evidence.

Dedicated Property and Evidence personnel are working in a system needing improvement. Documented and updated operating procedures are needed to provide clear direction and facilitate more effective processes by addressing the following areas:

1. The Fayetteville Police Department was not always in compliance with applicable procedures and North Carolina General Statutes.
2. The data maintained within the Record Management System (RMS) was unreliable.
3. Internal controls need strengthened.
4. Items were not located.
5. Procedures were not always clear and consistent with current processes.
6. Potential safety concerns may exist in the Property and Evidence Unit.
7. Security over property and evidence could be improved.
8. Property and evidence was not always submitted to the Property and Evidence Unit timely.
9. Controls could be strengthened for the disposal of narcotic property and evidence.
10. Quality reviews were not conducted for the Property and Evidence Unit.
11. Operating procedures for disposals lacked necessary internal controls, needed clarity to ensure compliance and required updating for consistency with the North Carolina General Statutes.
12. Property and evidence levels have been increasing and without improvements to facilitate evidence disposition; storage space will soon be depleted.

The audit did not find evidence of intentional fraud but documented exceptions where procedures were not followed.

BACKGROUND

During the fiscal year 2016 audit of confidential funds transferred from the Property and Evidence Unit to the Narcotics Unit, the auditors identified \$8,871 recorded in the Narcotics Unit financial records. A report was requested from Police Department personnel showing all confidential funds (buy money) released from the Property and Evidence Unit's custody to the Narcotics Unit confidential funds custodian from July 1, 2014 to June 30, 2015. Department personnel presented the auditors with disposal reports, but, overall, Department personnel did not verify disposed property was recorded accurately into the software program, Records Management System (RMS), and standard operating procedures in place did not incorporate this control. Internal Audit recommended Department personnel update operating procedures regarding the transfer of confidential funds (buy money) to/from the Property and Evidence Unit and RMS. Department Management responded that the Property and Evidence Unit would conduct a 100 percent inventory of currency and update RMS. During the fiscal year 2017 audit of confidential funds, the Department was unable to provide documentation showing a 100 percent audit of all currency was conducted. To ensure inconsistencies were corrected and cash records updated, Internal Audit recommended an audit of all currency held by the Police Department, and this audit was included on the approved *Annual Audit Plan Fiscal Year 2018*.

The approved *Annual Audit Plan Fiscal Year 2018* reflected an audit of only property and evidence currency. However, in August 2017, a new police chief was hired and requested the Office of Internal Audit to conduct a change of command audit of all property and evidence categories.

The purpose of the Property and Evidence Unit is to receive and store evidence and other property coming into the custody of the Fayetteville Police Department in a secure facility; ensure safe, efficient handling and preservation; maintain complete and accurate inventory records to include a controlled chain of custody, and to release or otherwise dispose of property and evidence pursuant to applicable legal statutes. The Property and Evidence Unit maintains custody of properties in secure locations and provides additional security around high value items such as cash, narcotics, jewelry and firearms, which are highly vulnerable to the risk of theft or abuse.

The Property and Evidence Unit is the responsibility of the Specialized Services Bureau Assistant Chief and is supervised by a sworn officer who reports to the Technical Services Unit Lieutenant. The Unit currently consists of four Property and Evidence Technicians that report to a sergeant responsible for property and evidence.

AUDIT OBJECTIVES

The objectives of this audit were to: determine if property and evidence were received, maintained, transferred and disposed of in accordance with relevant policies, procedures, laws, rules and regulations; assess the accuracy of evidence records; and determine if adequate internal controls were in place to safeguard property and evidence.

AUDIT SCOPE

The audit scope focused on Operating Procedures 6.2 updated effective March 18, 2016, and the timeframe reviewed for the intake and disposal of property and evidence was based on the type of property and evidence sampled. The audit population was stratified based on the property and evidence categories and then a sample¹ was selected with a special emphasis on the items recognized as high-risk – currency, narcotics, jewelry and firearms.

AUDIT SCOPE LIMITATIONS

The original audit plan included procedures to test property and evidence packaging to ensure the items were protected from the loss of evidentiary value from cross-contamination or unintentional obliteration. This could not be fully tested as 262 (23%) of the 1,162 items in the sample could not be viewed by the auditor because they were packaged in a container that could not be seen through and could not be opened without the investigating officer present.

¹ Currency, firearms and jewelry - five percent system to shelf sample of all items on hand September 20, 2017. Narcotics, due to limitations, five percent system to shelf sample with intake dates of July 1, 2016 to September 20, 2017, and a one percent shelf to system sample with intake prior to July 1, 2016. Files were not reviewed for the one percent narcotics. A one percent shelf to system sample was selected of all other property and evidence not considered to be high risk with intake dates of July 1, 2016 to September 20, 2017. The shelf to system samples were selected at 20% of the shelf to system sample. In addition, a one percent disposal sample was selected for each disposition code used for items disposed from July 1, 2016 to September 20, 2017. However, Internal Audit judgmentally selected various disposal types.

AUDIT METHODOLOGY

In order to achieve the audit objectives, Internal Audit developed an understanding of property and evidence functions by performing the following:

- Reviewed Police Department operating procedures;
- Interviewed Department personnel knowledgeable of the internal controls associated with property and evidence;
- Gained an understanding of the Records Management System (RMS);
- Reviewed property and evidence control standards established by the Commission on Accreditation for Law Enforcement Agencies (CALEA);
- Reviewed property and evidence professional standards established by the International Association for Property and Evidence, Inc. (IAPE);
- Conducted interviews with Department personnel;
- Conducted a site visit of the Property and Evidence Unit;
- Conducted a review of the Evidence and Property Management operating procedure and other applicable procedures;
- Conducted a security review of the Property and Evidence Unit;
- Tested a sample of payments for auctioned items to determine if they were properly forwarded to the Cumberland County school system;
- Tested a sample of inventory items from RMS to items in storage;
- Tested a sample of inventory items from storage to RMS and case files; and
- Tested a sample of released and disposed inventory for proper documentation and chain of custody.

Internal Audit utilized the PR#, the unique identifier assigned by RMS for each record added to the Property and Evidence module, to determine the population for property and evidence, and items were selected for the sample based on the PR#.

FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSES

Finding 1

The Fayetteville Police Department was not always in compliance with applicable procedures and North Carolina General Statutes.

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

Internal Audit reviewed applicable federal, state and local policies, procedures, laws, rules and regulations relevant to the Police Department Evidence and Property Management. This included the *Fayetteville Police Department Operating Procedure 6.2 Evidence and Property Management*, *Fayetteville Police Department Operating Procedure 6.4 FPD Property Receipt Guidelines* and *North Carolina General Statutes*. Upon review of these guidelines and the sampled property and evidence, the following observations were made:

1. Operating Procedure 6.2.3.B.1 stated, the annual audit will include the temporary Forensic Evidence Unit storage lockers and drying room located in the Public Administrative Building garage. Internal Audit reviewed the documentation from the Annual Evidence Audit conducted on December 12, 2016 and noted the section under the heading "Forensic Unit Temporary Evidence Storage/Drying Room Inspection" stated "Not inspected." Therefore, it did not appear

the operating procedure was followed to include the Forensic Evidence Unit storage lockers and drying room located in the Public Administrative Building garage in the annual audit. Without an audit of all areas where property and evidence are maintained, the Department cannot ensure the items are safeguarded from theft, loss or misuse.

2. Internal Audit was not provided documentation showing the annual audit, the unannounced inspection and the special audit of property and evidence had been forwarded to the personnel required by the following:
 - OP 6.2.3.B.2 stated, “Documentation of the annual audit will be forwarded to the Administrative Bureau Commander.”
 - OP 6.2.3.C.2 stated, “Documentation of the unannounced inspection will be forwarded to the Administrative Bureau Commander.”
 - OP 6.2.3.E.5 stated, “At the completion of the joint inventory, the Technical Services Sergeant will document the inventory in a memorandum that will be forwarded to the Support Services Division Commander.”

Currently procedures do not require documentation representing receipt of the audits and inspections by management. However, ensuring the audits and inspections are forwarded to management for review is essential to assist in making knowledgeable decisions about the Property and Evidence Unit and make certain management is aware of potential issues.

3. Special audits of the Property and Evidence Unit should be conducted when transition of Property and Evidence personnel occur so personnel can be reasonably assured the property and evidence is accounted for and intact when assuming responsibility. However, a special audit of property and evidence was not always conducted when there was transition as required by Operating Procedure 6.2.3.D.1.

During the scope of the Internal Audit, one Property and Evidence Technician transitioned in and out of the Property and Evidence Unit. However, a special audit was not conducted for either of the transitions. Based on Internal Audit inquiry, an unannounced audit was conducted the month the Property and Evidence Technician transitioned into the Property and Evidence Unit and this was sufficient for the new hire audit.

4. Operating Procedure 6.2.3.E.4 stated: “For general property other than high risk, the audit will be sufficient to ensure the integrity of the system and accountability of property. The Technical Services Sergeant should ensure that records are current and properly annotated.” However, the items noted as inventoried during the special audit completed on April 12, 2017 were only high risk items (jewelry, firearms, currency and narcotics). Therefore, it appeared the general property was not included in the special audit, and Department personnel did not adhere to the operating procedure. Without an audit of all types of property and evidence the Department cannot reasonably ensure the items are safeguarded from theft, loss or misuse.
5. Operating Procedure 6.4.E required the officer to issue a property receipt to the person the item was seized from and forward the “white copy” to the Central Records Unit attached to an incident report. Based on Internal Audit requests of property receipts for 192 cases in which currency (U.S., foreign or counterfeit) was entered into the Property and Evidence Unit’s custody, only 17 (9%) of the 192 requested were considered to be an appropriate property receipt documenting the currency amount in the audit sample to the amount of currency seized by the “receiving employee”. Therefore, it appeared the property receipts were not being forwarded to the Central Records Unit, and officers did not adhere to the operating procedure. These receipts can be used to mitigate the Department’s risk which could arise over disputes about the items seized/obtained.

6. Operating procedures should be consistent with other departmental procedures or applicable laws, whereas, if inconsistencies exist responsibilities may be unclear for Department personnel. Operating procedures were inconsistent when a property receipt was required to be issued. Operating Procedure 6.2.5.E.1.c referred to issuing a property receipt for only money. However, Operating Procedure 6.4.1 stated: “A copy of the Fayetteville Police Department Property Receipt will be given to a person or left in a conspicuous location under the following circumstances:

Property has been seized from a person and is being held for safekeeping.

- Property has been turned over to an officer by a citizen.
- Property has been seized pursuant to a consent search or legal justification to search.
- Following an inventory count of an arrested subject’s money during the jail intake process.”

When operating procedures were created or amended, it appeared Department personnel did not ensure all applicable operating procedures were amended to remain consistent with other departmental procedures or applicable laws.

7. Operating Procedure 6.2.5.D.5 stated, “Descriptions of all items submitted to the evidence room must be thorough, precise and detailed. (make, model, serial number and caliber)” In addition, under the evidence and property handling procedures for firearms the operating procedure also stated, “Record the make, model, serial number, and caliber of the firearm on the appropriate evidence/property vouchers.” However, the make, model, serial number and caliber was not recorded for 180 (46%) of the 394 firearms in the sample. Therefore, it did not appear the operating procedure was followed for recording descriptions of firearms.

The table below lists the breakdown of omitted description criteria:

Description Criteria ²	Make	Model	Serial Number	Caliber
After March 17, 2016	0	9	2	3
2011 to March 17, 2016	11	48	10	12
Prior to 2011	12	104	11	28
Total	23	161	23³	43

Having a complete and accurate description of property and evidence helps to ensure the original item can be identified and reduces the risk of property and evidence being substituted.

8. Operating Procedure 6.2.5.G.1.a regarding firearms stated, the officer will contact the clerk to generate a check on the weapon to determine if it is stolen and attach a copy to the Evidence Control Form.

²After March 17, 2016 for the update to Operating Procedure 6.2 effective March 18, 2016; from January 1, 2011 to March 17, 2016 which is after implementing ONESolution RMS, but prior to the Operating Procedure 6.2 update effective March 18, 2016; and prior to January 1, 2011 and the implementation of ONESolution RMS.

³It should be noted that for 18 of the 23 firearms without a serial number recorded in the description; three had an altered serial number, and fifteen a serial number could not be located on the firearm.

However, the operating procedure was not always followed to ensure a stolen check was generated on all firearms. There were 12 firearms for which the stolen check was not located in the file.

- Eight were generated by the clerk and placed in the property and evidence files upon Internal Audit's notification.
- Two firearms had already been returned to owner and two had been destroyed; therefore, a stolen check was not generated for these four once it was noted by Internal Audit.

Stolen checks should be generated to determine if the firearms had been reported stolen and allow the Department to return the firearm to the rightful owner as soon as legally possible.

9. Operating Procedure 6.2.5.G.1.b stated, if the owner of the firearm is unknown and the firearm was not stolen, the officer is to enter the weapon in the Recovered Gun File of the Division of Criminal Information. For the 394 firearms in the sample, 158 did not have an owner documented; therefore, Internal Audit reviewed the respective case files for documentation to ensure the weapon had been entered in the Recovered Gun File. Documentation for 79 (50%) of the 158 firearms was not noted in the respective case files. As a result, Internal Audit determined Department personnel did not always adhere to the operating procedure.

According to the guidelines from the Division of Criminal Information and Identification Section, retention of recovered gun information is the remainder of the year it was entered as a recovered gun plus two years. Based on these retention requirements, Internal Audit requested a stolen check generated for five of the 79 firearms which the Department received after January 1, 2016. The stolen checks showed three of the five had been entered as a recovered gun. The remaining two did not show they had been entered as a recovered gun; therefore, Department personnel completed the necessary corrections to the files prior to the end of fieldwork.

Firearms should be entered as recovered guns to notify other agencies the firearm has been obtained/seized by the Department and allow for return of the firearm to the rightful owner as soon as legally possible.

Recommendation

The Office of Internal Audit recommends management establish internal controls to ensure personnel are in compliance with North Carolina General Statutes and operating procedures. Some possible areas where internal controls should be established based on Internal Audit's observations include the following, but are not limited to:

1. An annual audit of all areas where property and evidence are maintained, to include the Forensic Evidence Unit storage lockers and drying room located in the Public Administrative Building garage;
2. Documentation representing review of the audits and inspections of the Property and Evidence Unit by management should be maintained to ensure management is aware of potential issues;
3. A special audit should be conducted for ALL types of property and evidence when there is a transition of personnel in and out of the Property and Evidence Unit;
4. Determine the circumstances when property receipts are required, the personnel responsible to maintain them and ensure they are issued accordingly;
5. Complete and accurate descriptions of property and evidence should be documented, to include completing the database fields required within RMS;
6. Stolen checks should be generated for ALL firearms to determine if they have been reported stolen.
7. Documentation should be maintained showing the firearm was entered in the Recovered Gun File.

Additionally, the Office of Internal Audit recommends the Fayetteville Police Department review the training and guidelines given to officers/detectives on property and evidence processing, and educate them on the impact if property and evidence is not processed correctly. Refresher training should be provided to all applicable Department personnel on ALL property and evidence operating procedures.

Management's Response:

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

The review of the entire Police Department Evidence and Property Operating Procedure Policy is being addressed to ensure the implementation of an updated policy will cover operational and legal restrictions. The Police Department will await the research and recommendations from the City of Fayetteville Police Attorneys who have been working to find the best operating procedure policy to recommend to the Police Department. Once the recommendations have been submitted, the Police Department will update departmental operating procedure policies to ensure they are in compliance with the listed recommendations regarding of audits and inspections of the unit. The Police Department always conducts training when a new policy is updated or created for all the employees, when procedures are changed extensively it will require even more training. There are also times when the training can be placed on our PowerDMS platform as a video in order to be able to go back to review again as a refresher training when employees have deficiencies.

Responsible Party: Specialized Services Division Commander

Implementation Date: 03/10/2019

Finding 2

The data maintained within the Record Management System (RMS) was unreliable.

Data integrity/data quality can be defined as the state of completeness, consistency, timeliness, accuracy and validity that makes data appropriate for a given use. Data quality is essential to managers making informed decisions and for long range strategic planning. Data should be consistent, accurate and complete in order to provide reliable management reports and ensure the complete existence of all property and evidence.

1. ***Discrepancies and inconsistencies with currency in RMS existed.*** Currency is considered “high risk”; therefore, extra care should be taken to ensure these items are safeguarded against theft, loss and misuse. The envelopes in which currency was maintained had a breakdown recorded for the currency placed in the envelope of the quantity for each denomination, the total value per denomination and the total value for all the currency in the envelope. However, this detailed information was only maintained on the currency envelope, and there were discrepancies and inconsistencies noted with the information within RMS for currency items as reflected below:
 - A. ***Define database fields needed:*** The database fields within RMS should be consistently used. Without clear, complete and accurate descriptions recorded for currency; management may not be able to rely on RMS reports generated. Internal Audit noted the following related to inconsistent use of database fields within RMS:
 - i. ***Description requirements:*** The available database fields for currency within RMS were: property description, color, serial number, quantity and value. However, these database fields were inconsistently used and referred to the currency envelope, the actual currency, or both the currency envelope and the actual currency. The operating procedure did not clearly define description requirements for currency; and it was left to individual judgement as to what descriptive information to record within the RMS database fields.

- ii. **Value field:** Operating procedure did not provide clear guidance to ensure the value was listed in the “Value” field in RMS for currency. Internal Audit noted 2,075 currency items with class codes⁴ “CASH”, “COUN”, or “FORE” for which a dollar amount was not listed in the “Value” field; therefore, a total of the value field for all currency would not contain the total value of all currency in the Property and Evidence Unit’s custody.
- iii. **Quantity field:** Operating Procedure 6.2 stated: “Ensure that any currency (U.S. and foreign or counterfeit) is separated from other items and is placed in a currency envelope. This includes counterfeit currency as well. The currency envelope and the total amount of currency will be listed as ONE item on the evidence card.”

Based on Internal Audit inquiry to clarify the intent of having the currency envelope and the total amount of currency listed as ONE item on the evidence card, Department personnel indicated the “Quantity” field in RMS should be “1”, meaning one currency envelope, and not indicate the total monetary value or the total number of bills or coins in the currency envelope. However, Internal Audit noted this field was inconsistently listed as: “0.00”, “1.00” or a number greater than 1.00. Therefore, the “Quantity” field totals of a report generated with class codes “CASH”, “COUN”, and “FORE” excluding items with disposition codes, would not accurately capture the correct quantity of currency envelopes in the Property and Evidence Unit’s custody.

B. Currency totals unreliable due to data conversion and inconsistent use of coding: Reports from RMS should be available to determine the total dollar amount of currency in Property and Evidence Unit’s custody. However, Internal Audit determined an RMS report could not be generated to determine the total dollar value of all currency in the Property and Evidence Unit’s custody due to:

- i. **Conversion:** Items converted from Visionaire RMS to ONESolution RMS may either have a class code of “CONV”⁵ or is a missing class code. Therefore, a report generated for all property and evidence with class codes “CASH”, “COUN” and “FORE” would not include currency with either a missing class code or “CONV” class code.
- ii. **Class codes:** Operating Procedure 6.2 defined “all money” and “any currency” as foreign, U.S., and counterfeit. However, there were 181 items with class codes within RMS of “CASH”, “COUN”, or “FORE” that did not appear to be currency. Therefore, a report generated from RMS for all property and evidence with these class codes “CASH”, “COUN”, or “FORE” would include items not considered currency based on operating procedure definitions. The appropriate class code to use for items was not clear in the operating procedures; therefore, it appeared Department personnel used individual judgement to determine how property and evidence should be classified in RMS.
- iii. **Disposition codes:** Operating procedures did not provide clear guidance for use of disposition codes. Based on Internal Audit’s interpretation, a disposition code was used to indicate the item was no longer in the Property and Evidence Unit’s custody. Internal Audit noted class codes “CASH”, “COUN”, or “FORE” for 4,225 currency

⁴ Class codes for currency “CASH”, counterfeit currency “COUN” and foreign currency “FORE”.

⁵ “CONV” reflects the class code for converted data.

items with a disposition code and 4,277 currency items without a disposition code within RMS.

Based on inventories conducted during the audit, a disposition code may not necessarily mean the currency is no longer in the Property and Evidence Unit's custody. Therefore, a report generated with these class codes "CASH", "COUN", or "FORE" excluding items with disposition codes, may not accurately capture all currency in the Property and Evidence Unit's custody.

Based on Internal Audit inquiry, missing and inconsistent information noted was either due to inconsistent entry of data into RMS by Department personnel or conversion from Visionaire RMS to ONESolution RMS.

2. **Completeness:** All property and evidence should be recorded to ensure RMS records are complete; therefore, Internal Audit conducted shelf to system inventories to determine if this was the case. However, during the inventories conducted, one of the 194⁶ shelf to system items was viewed by Internal Audit in the Property and Evidence Unit but was not on the RMS report provided by Department personnel listing all property and evidence in ONESolution RMS. Based on Internal Audit inquiry, this was due to data conversion from Visionaire RMS into ONESolution RMS. Therefore, ONESolution RMS may not contain an accurate and complete record of all items in the Property and Evidence Unit's custody.
3. **Incomplete and inconsistent coding:** Coding in RMS should be complete and consistent. However, during review of the items selected for inventories, Internal Audit noted missing and inconsistent use of codes within RMS as follows:
 - a. Department personnel indicated missing **case numbers**, unique identifiers used for each incident, were due to data conversion from Visionaire RMS to ONESolution RMS. Based on Internal Audit inquiry, the incident numbers used prior to ONESolution RMS had more characters than the current record management system will allow.
 - b. There were missing and inconsistent **category codes** which indicate whether the item is considered: found, inmate, confiscated property or evidence. This appeared to be due to data conversion from Visionaire RMS to ONESolution RMS for items with a missing category code, or items listed as evidence ("EVID") in RMS when a Confiscated or Found Property Control Form was used.
 - c. Data conversion and inconsistent use of codes appeared to be the reasons for missing or inconsistent **class codes** which identify the type of property and evidence (i.e. cash, firearms, narcotics, etc.).
 - d. **Disposition codes** were used to indicate when property and evidence was transferred out of the Property and Evidence Unit's custody. Internal Audit noted inconsistent use of disposition codes; such as, multiple disposition codes for the same type of disposal; obsolete disposition codes, and disposition codes used not consistent with the actual disposition type. The missing or inconsistent use of these codes also appeared to be due to data conversion and inconsistent use by Department personnel.
 - e. There were inconsistencies noted with **locations** within RMS versus the actual location of items. Based on Internal Audit inquiry, due to lack of space, personnel frequently

⁶ Shelf to system sample totaled 194, of which, currency – 28, narcotics – 53, firearms – 64, jewelry – 13 and non- high risk – 36.

reorganized the Property and Evidence Unit to accommodate for capacity. As a result, Department personnel did not update RMS with the actual location of the items.

The table below shows the number of omitted or inconsistent coding instances noted:

Omitted or Inconsistent Coding ⁷	Case Number	Category Codes	Class Codes	Disposition Code	Location
After March 17, 2016	1	3	37	2	21
2011 to March 17, 2016	0	4	11	5	61
Prior to 2011	5	21	10	17	199
Total	5	28	58	24	281

Management cannot rely on reports from RMS or determine the amount of property and evidence in the Property and Evidence Unit's custody without accurate, complete and consistent data in RMS.

4. **Single unique identifier:** For each item of property and evidence, a single unique identifier should be assigned. However, Internal Audit noted 23 out of 1,162 items in the sample in which there were multiple pieces of property and evidence combined under one unique identifier (PR#⁸). Prior to the current ONESolution RMS, control forms were used. However, information from the control forms were subsequently entered into RMS during conversion; whereas, multiple items were combined under one unique identifier (PR#).

Therefore, the ability to determine a complete population of property and evidence using RMS data is unattainable. In addition, if the sample size for an audit or inventory is conducted based on the total number of items in the Property and Evidence Unit's custody, it would be difficult to ensure an accurate sample size since the complete population could not be accurately determined.

Recommendation

1. Conduct a full and complete inventory of all currency to determine the amount being maintained in the Property and Evidence Unit, to include counterfeit and foreign currency. Records within RMS should be updated accordingly.
2. Amend Operating Procedure 6.2 to provide clear guidance consisting of defining database fields and use of coding for all types of property and evidence in RMS; to include how debit, credit, gift or EBT cards and check or money orders should be classified and stored.
3. Review the property and evidence items converted from Visionaire RMS to ONESolution RMS to determine if disposing is an option. As these items are being disposed based on the current legal, approved procedures, the missing and inconsistent information should be reviewed and updated at that time.
4. For all other items required to be maintained, management should determine if the costs of using resources to "clean up" the data in ONESolution RMS for property and evidence outweigh the risk of missing and inconsistent data. Once management determines what risks are unacceptable, a process should be established to update any data for which an update is considered necessary.

⁷ After March 17, 2016 for the update to Operating Procedure 6.2 effective March 18, 2016; from January 1, 2011 to March 17, 2016 which is after implementing ONESolution RMS, but prior to the Operating Procedure 6.2 update effective March 18, 2016; and prior to January 1, 2011 and the implementation of ONESolution RMS.

⁸ PR# reflects the unique identifier within RMS.

Management's Response:

Recommendation 2.1 – We concur with reservations. Management is in agreement with the recommendation, but there are circumstances that could affect its implementation which have to be resolved.

The implementation of this recommendation is contingent upon our research and is awaiting recommendations for the implementation of cash handling procedural processes. This will also depend on the creation of a bank account for the storage of funds and communication with the District Attorney's Office to determine if any funds will not be able to go into the financial institution. Currently, request has been made to the Finance Department for assistance. Counterfeit money will not be able to be held in the financial institution and will for the most part be turned over to the Secret Service. Foreign currency will be discussed with the financial institution for recommendations on how to handle. With the expectation of implementing cash handling procedures and transferring the funds into a financial institution, an inventory will be conducted simultaneously and RMS will be updated accordingly.

Recommendation 2.2 – We concur. Management is in full agreement with the recommendations.

This will be addressed with the updated Operating Procedure 6.2 that the City of Fayetteville Police Attorneys are currently working on.

Recommendation 2.3 – We concur. Management is in full agreement with the recommendations.

This will be addressed once the renovation of the first floor of the Police Department is completed, it will allow for more physical space to move items off the shelf and complete an accurate inventory when we move items for management of property/evidence items and more storage evaluation for evidence. This inventory will also provide the opportunity to ensure property and evidence items in ONESolution RMS, specifically converted data, are accurate and complete.

Recommendation 2.4 – We concur with reservations. Management is in agreement with the recommendation, but there are circumstances that could affect its implementation which have to be resolved.

This process of "clean up" involves a transition of information that occurred 7-8 year ago from an outdated RMS program to the OneSolution RMS program being used. The transition was done in such a manner that all the data was not transitioned clearly enough to verify the items. A quote will have to be acquired from a vendor working with IT to determine recommendation if it is even possible, feasibility and the financial impact before this can be completed.

Responsible Party: Specialized Services Division Commander

Implementation Date: 03/10/2019

Finding 3

Internal controls need strengthened.

Internal control is the integration of the activities, plans, attitudes, policies, and efforts of City personnel working together to provide reasonable assurance that the City will achieve its mission. More simply, internal control is what the City does to see that the things they want to happen will happen...and the things they don't want to happen will not happen. Internal controls provide reasonable assurance that the City will be successful and achieve its mission and accomplish certain goals and objectives. An effective internal control system helps the City to:

- Promote orderly, economical, efficient and effective operations.
- Produce quality products and services consistent with the City's mission.
- Safeguard resources against loss due to waste, abuse, mismanagement, errors and fraud.
- Promote adherence to statutes, regulations, policies and procedures.
- Develop and maintain reliable data, and accurately report that data in a timely manner.

Internal Audit noted several areas which internal controls within RMS could be strengthened for property and evidence.

1. ***A conflict of interest may exist with Police Department personnel having oversight of RMS Administration.*** Principle 10 of the United States Government Accountability Office *Standards for Internal control in the Federal Government* lists segregation of duties as a control activity in which: "Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions and handling any related assets so that no one individual controls all key aspects of a transaction or event." Although segregation of duties involving RMS administration had not been addressed prior to the audit, to allow for proper segregation of duties oversight of RMS Administration should be provided by personnel that do not utilize the system to perform daily duties and are not supervised by those who do. Based on Internal Audit inquiry, the Police Department handled oversight of RMS Administration, and the Information Technology Department (IT) only handled software related issues, updates and upgrades of the system. This allows for a conflict of interest with RMS Administration supervised by Police Department personnel who can require the RMS Administration to circumvent controls in place.
2. ***Areas for RMS account management could be strengthened.*** Access to RMS should be granted based on a valid need to know that is determined by assigned official duties and should also consider proper segregation of duties. Weaknesses in segregation of duties can result in unauthorized access to applications, application data, and/or system components. In addition, such weaknesses can allow fraudulent transactions and control overrides to occur. With no formal written process for changes to access, user privileges may be altered without appropriate authorization.

The City's Information Technology Department establishes policies and procedures related to City-wide Information Technology to provide security over the City's networks and systems and help deter and prevent breaches. These policies and procedures should be followed City-wide for all networks and systems to ensure security is maintained.

Internal Audit determined the Department does not have formal written procedures to document the authorization of additions, deactivations, and access changes to software users. Based on Internal Audit inquiry, Department personnel indicated the current access groups were set up by previous Department personnel; therefore, documentation could not be provided showing the current access levels for each access group had been approved by management.

The specific areas identified for account management were:

- A. **Access forms were not used to obtain user access.** Documentation was not provided showing current accesses for Police Department personnel were approved by management. Instead, a Biographical Data sheet was used indicating what position the user was being assigned and access was set up in user groups based on the positions.

Access should be approved by management to ensure Department personnel only have the necessary access to perform their jobs. Based on Internal Audit inquiry, Information

Technology Department personnel indicated the City's process for new, changed or disabled access is requested using the electronic Technology Request Form through Laserfiche. However, the electronic Technology Request Forms are submitted to the Information Technology Department, but access to RMS is granted by Police Department personnel. Based on Internal Audit inquiry, current user groups in RMS were set up previously; therefore, no documentation was provided showing how user groups were set up or access for the groups was approved by management. Without access approvals, Department personnel could have access to sensitive data, make undetected changes or deletions, or intentionally or unintentionally read, add, delete, or modify data.

B. Current processes lacked controls to safeguard against unauthorized use. Only authorized users with a need for RMS should have RMS access, and access should be reviewed and updated periodically to ensure it is removed for users that no longer need it.

- Based on Internal Audit's review of RMS access records, seven former Department personnel had left employment with the Police Department prior to September 12, 2017. The oldest resignation/termination date noted was November 23, 2009.
- One current employee had a position change and based on this new position may no longer have a need for Evidence RMS access.
- One individual was listed as having access to RMS, but the user's name listed could not be determined to be Department personnel, as either a current or prior Department employee. Based on Internal Audit inquiry, Department personnel determined the name was incorrect in RMS for this individual. Internal Audit was subsequently able to validate the corrected name provided as a current Department employee.
- One Department employee had two user ids.

Based on Internal Audit inquiry, Department personnel indicated RMS user access was not included on the current Department out processing form. Department personnel indicated the questioned accesses were disabled or updated as applicable.

C. Generic user ids existed with access to RMS. Internal Audit noted generic user ids; whereas, individual accountability for the use of those user ids were not available. Based on Internal Audit inquiry, Department personnel indicated a generic user id was used by Superion, ONESolution RMS vendor, when assistance is needed with system issues. Department personnel indicated all remaining generic user ids had no history associated and were subsequently deleted from RMS. Without unique user ids, the Department's ability to identify and track user actions is limited.

D. RMS user passwords did not expire. Passwords should expire to assist in the security of the City's networks and systems and help deter and prevent breaches. Based on Internal Audit inquiry, ONESolution RMS has the capability to expire passwords. Department personnel indicated Superion initially had setup RMS passwords to expire as a default but the function had been disabled. The City's Information Technology Password Policy requires passwords to expire within a specified period of time. The Information Technology Department's *Password Policy* stated, "passwords are the first line of defense for our information systems". Having passwords that do not expire could result in breaches of the system.

An email was received from the Department on March 9, 2018 indicating the passwords in RMS will now expire as required by policy.

3. ***Areas for RMS database accountability could be strengthened.*** Data should be consistent, accurate and complete in order to provide reliable management reports and ensure all Property and Evidence can be accounted for and is intact. The Commission on Accreditation for Law

Enforcement Agencies (CALEA) Standard 84.1.5 stated records should reflect the status of all property held by the agency.

The specific areas identified for database accountability were:

- A. **Property and Evidence records in RMS were deleted without approvals.** Internal Audit noted 4,738 missing records during testing for completeness to ensure a record is added to the Property and Evidence module for each individual item and is assigned a unique identifier (PR#). Based on Internal Audit request, an RMS deletions report was provided to account for the missing PR#'s, but after analysis Internal Audit could only identify 1,166 missing PR#'s, resulting in 3,572 PR#'s not accounted for within RMS.

Based on Internal Audit inquiry and review of the RMS access reports, only one Department employee had access to delete records in RMS, and the process for deletions was to send an email stating the reason for the deletion; therefore, emails for 12 (1%) of the 1,166 missing PR#'s on the deletions report were requested. However, only one email was provided which appeared to be relevant to a deletion on the report. There did not appear to be management approval and documented procedures for deleting records within RMS.

If RMS Administration had access to both delete PR#'s and records from the audit log, then property and evidence items could be deleted from RMS with no audit trail. Based on Internal Audit inquiry, Department personnel indicated the audit log is read only.

- B. **A complete population could not be determined by Internal Audit for sampling.** There should be no question as to whether the data in RMS was complete. However, as stated previously, there were 3,572 PR#'s that could not be accounted for based on Internal Audit's analysis. The missing records represent a significant impairment to the overall data integrity.

Based on Internal Audit inquiry, Department personnel indicated when a voucher is processed in the Property/Evidence Voucher Transfer module within RMS, and a PR# is assigned, canceling submission to the Property and Evidence module will remove the assigned PR# from the Property and Evidence module, and this PR# will not be reassigned. Therefore, the PR# cannot be relied upon to track and account for all property and evidence received.

Recommendation

1. Management should consider having RMS Administration supervised by the Information Technology Department. This should not only alleviate the current conflict of interest but would allow personnel to supervise this position with knowledge of the need for segregation of duties, access controls and security over RMS.
2. Management should implement formal written procedures for software user account management to include developing a process to periodically review the access list and identify authorized users of RMS and specify access rights.
3. Management should check with Superiorion to determine if RMS can be updated to assign the PR# after the record has been saved. If not, management should look at the process which allows Department personnel to cancel out of a record after the PR# has been assigned to determine if a change in the process could prevent the need for Department personnel to cancel out of the record. If a process cannot be established to prevent this, determine if a process can be implemented which would allow approval and tracking when a record is canceled after the PR# has been assigned.

Management's Response:

Recommendation 3.1 – We do not concur. Management is in total disagreement with the recommendation.

The RMS Administrator's function and oversight is not a conflict of interest regarding segregation of duties. We do agree including additional personnel to support the RMS Administrators functions in order to not have a single point of failure if they are away.

Internal Audit Response:

According to the Government Auditing Standards, Internal Audit is required to provide additional explanation when the auditors disagree with management's response.

Government Auditing Standards state: "When the audited entity's comments are inconsistent or in conflict with the findings, conclusions, or recommendations in the draft report, or when planned corrective actions do not adequately address the auditors' recommendations, the auditors should evaluate the validity of the audited entity's comments. If the auditors disagree with the comments, they should explain in the report their reasons for disagreement."

Therefore, to ensure adherence to the Government Auditing Standards, and to provide clarity, and ensure management and the reader have all necessary information, the additional explanation follows:

One of the most basic segregations for Information Technology is the segregation of the duties of the IT function from the user Department. This means that the user Department does not perform its own IT duties. Additionally, data administrators have the inherent ability to access, change and delete data in the database causing a high level of assessed risk. While a user Department will sometimes provide the IT support, the user Department should not handle critical duties such as security, programming, record administration, etc. Allowing the user Department to assume critical IT duties may allow for increased risks due to errors, misuse or fraud.

Although, the Office of Internal Audit strives to make valuable recommendations for which management will implement processes to address, there may be instances for which management has decided to accept the risks associated with not implementing a recommendation.

Recommendation 3.2 – We concur. Management is in full agreement with the recommendations.

We will ensure we follow the City of Fayetteville's Information Technology standards for the maintenance of software user account management. We have already began developing an accountability form for each employee which will determine the user rights and restrictions depending on their position within the department. As the Property and Evidence Operational Procedures policy is established, we will determine if the written procedure needs to be included in that policy. As personnel move throughout the department an updated form for identifying authorized users of RMS will be updated.

Recommendation 3.3 – We concur. Management is in full agreement with the recommendations.

We have confirmed the software does not have any options outside the process we have implemented. We have established a process and approval/tracking system that will ensure the person updating the error is the actual person submitting the evidence. Management will also attempt to determine what the commonality of the errors were (3,572 PR#'s). Whereas, management will review discrepancies to attempt to reduce the errors and improve efficiency, reduce rework.

Responsible Party: Specialized Services Division Commander

Implementation Date: 03/10/2019

Finding 4

Items were not located.

The Department has a fiduciary and legal obligation to store and protect property and evidence in its custody, and to legally restore property and evidence to the rightful owner as soon as legally possible or dispose of the property and evidence in a legal manner.

However, one of the 968 system to shelf items inventoried could not be found. The item from a 2001 case was listed in RMS with class code “DRUG”; the item description on the Evidence Control Form was “Cigarette Papers”.

In addition, based on Internal Audit’s review of the Special Audit conducted in 2017 due to the assignment of new personnel to the Property and Evidence Unit, Internal Audit noted one of the 1,183 items inventoried was not located. The item from a 2008 case also had a class code of “DRUG”.

Maintaining property and evidence and their associated records is critically important in supporting investigations, helping in successful prosecution at trials, facilitating the timely return of property to its rightful owners, and establishing the Department’s reputation as an honest, reputable agency worthy of the public’s confidence and trust.

Based on Internal Audit inquiry, at the conclusion of fieldwork the two items had not been located, but Department personnel continue to research to determine the whereabouts of these items. As a result, Internal Audit cannot determine a definitive cause for the missing items.

Recommendation

1. Continue to research the whereabouts of the two items missing and notify the courts and attorneys as deemed necessary.
2. Procedures for notifying management, to include Police Attorney, should be established when property and evidence is designated missing.
3. Quarterly audits for high-risk items, cash, firearms, narcotics and jewelry, should be considered until steps can be taken to improve data integrity and reduce the inventory level of property and evidence through the disposal process.

Management’s Response:

Recommendation 4.1 and 4.2 – We concur. Management is in full agreement with the recommendations.

When items are missing and unable to be located, the chain of command will be notified with a memorandum and a supplemental report will be established and entered for records. The process of notifications will include any courts or attorneys which need notification related to an investigation.

Recommendation 4.3 – We concur. Management is in full agreement with the recommendations.

Random quarterly audits are important for high value items and the property room as a whole. Upon the completion of Operating Procedure 6.2 this will be evaluated to determine if we will restrict this to only the high risk items or include more random audits for the entire Property and Evidence Unit.

As the City of Fayetteville Police Attorneys are researching and evaluating other operating procedural policies to make recommendations for changes. The operating procedural policy will address the manner in which audits are completed.

Responsible Party: Specialized Services Division Commander

Implementation Date: 03/10/2019

Finding 5

Procedures were not always clear and consistent with current processes.

Instances were noted in which the existing operating procedures could provide better guidance. Procedures are established to ensure all Department personnel are consistently adhering to federal, state and local, laws and regulations and must be reviewed and updated as needed to account for process changes and ensure ongoing compliance. If procedures are not updated when processes change or federal, state and local, laws and regulations are amended, it cannot be assured procedures remain compliant and management approved procedures are consistently being followed.

1. For property and evidence other than firearms, Operating Procedure 6.2.5.D.5 stated, “Descriptions of **all** items submitted to the evidence room must be thorough, precise and detailed. (make, model, serial number and caliber)” The specific requirements listed appeared to be associated with firearms but did not appear to be clear enough to ensure sufficient and consistent descriptions were documented for all other types of property and evidence.

The IAPE standards stated firearms, currency and narcotics “should be described in a manner that enables the reader to visualize the item without physically examining it.” However, Internal Audit applied this standard for all property and evidence. In addition, Internal Audit reviewed the items in the sample to determine if descriptions would allow detection if substituted. It appeared descriptions were not always clear, complete and accurate enough to detect substitution. Specific observations for jewelry, general property and narcotics are outlined below.

Jewelry

Jewelry is considered “high risk” items and is highly susceptible to theft and misuse; therefore, the descriptions of these items should be detailed and precise to ensure the items would be detected if substituted. Internal Audit inventoried and reviewed property and evidence files for 60 items with class code jewelry “JEWE”. However, Internal Audit noted some descriptions were not well defined (ex. silver earring). In looking at specific descriptive characteristic fields in RMS applicable for jewelry, Internal Audit looked for make, model, color, serial number and quantity for watches; and color and quantity for all other jewelry. The table below lists missing, applicable, descriptive characteristics for jewelry in the sample:⁹

⁹ After March 17, 2016 for the update to FPD OP 6.2 effective March 18, 2016; from January 1, 2011 to March 17, 2016 which is after implementing ONESolution RMS, but prior to the FPD OP 6.2 update effective March 18, 2016; and prior to January 1, 2011 and the implementation of ONESolution RMS.

Jewelry	Total Items Sampled	# of Items Missing for Each Applicable Characteristic				
		Make	Model	Color	Serial Number	Quantity
After March 17, 2016	11	1	2	3	2	1
2011 to March 17, 2016	38	1	6	13	4	5
Prior to 2011	11	1	4	4	5	5

Although the specific fields listed above should be utilized, the property description field should contain any additional information to assist in ensuring the item cannot be substituted without detection.

General Property

The general property category was comprised of all non-high risk items. Since this was such a diverse sample of items, Internal Audit determined applicable characteristics for each specific item and concluded that due to incomplete descriptions some items could be substituted without detection (ex. holsters).

Narcotics

Narcotics are considered “high risk” due to abuse and the street value of these items. In addition, narcotics can easily be replaced with another identical or mutually interchangeable item without detection. Therefore, clear operating procedures must be implemented and followed to ensure the items are safeguarded from theft, loss or misuse.

Internal Audit inventoried 265 items with a class code of “DRUG” and reviewed the property and evidence files for 95 (36%) of the 265 items.

Internal Audit reviewed property description, color, quantity and unit of measurement fields for narcotic items and noted that descriptive characteristics were sometimes not indicated, or inconsistently noted in the specific descriptive field (color, quantity or unit of measurement) or the property description field.

The tables below list the missing, applicable, descriptive characteristics for narcotic items in the sample received by the Department personnel after July 1, 2016.

Narcotics in RMS	Nothing Noted	Not Noted in Color Field	Not Noted in Property Description Field
Color	40 (42%)	49 (52%)	86 (91%)
Quantity	6 (6%)	10 (11%)	91 (96%)
Unit of Measurement	28 (29%)	31 (33%)	91 (96%)

Operating procedures were unclear on exactly what descriptive information must be entered into RMS. Inconsistent and missing information could make it difficult for management to detect lost, misplaced or stolen items.

- Operating Procedure 6.2.5.F.1 stated, “The weight of all narcotic evidence sent to the SBI for analysis is to be determined by the SBI Laboratory chemist.” However, 51 (54%) of the 95 narcotic items in the sample were sent to the NMS Labs which determined the weight instead of the SBI Laboratory. Furthermore, Internal Audit noted 44 (46%) of the 95 narcotic items in the sample were not sent to a laboratory for the weight to be determined. The operating procedure did

not address how the weight of the narcotic evidence would be determined or the requirements for determining the weight when narcotic evidence did not go to the SBI laboratory.

This change in process to use a laboratory other than the SBI was not updated in the operating procedures when the decision was made to use other laboratories.

If the weight of the narcotics is not recorded, loss, misuse or theft of these items may not be detected. In addition, if operating procedures are not clear, Department personnel may not be aware of their responsibilities for determining the weight of narcotics.

3. The narcotics section under evidence and property handling procedures of Operating Procedure 6.2.5.F.2 stated, "Packages of property/evidence will only be opened by authorized persons that may include the case detective, a District Attorney Office representative, the submitting officer, a representative of the United States Secret Service, a representative of the Integrated Ballistic Identification System or a Department of Revenue representative."

Based on Internal Audit inquiry, Department personnel indicated this is not just applicable for narcotics. For example, the United States Secret Service and a representative from the Integrated Ballistic Identification System would not have a reason to open or deal with narcotics. In addition, the North Carolina Department of Revenue only deals with the currency and items of value retrieved from narcotic sales. Since this section of the operating procedure was only listed under the narcotics section, it may be unclear whether this is applicable for other types of property and evidence; therefore, Department personnel may not be adhering to this for firearms, currency, jewelry and general property if applicable.

4. Operating Procedure 6.2 stated: "Once property is considered received, the Evidence Technician will take the following steps:
 - Verify the property submitted with the information on the Evidence Control form to ensure accuracy of the description, type, and amount of property."

However, 262 (24%) of the 1,162 items in the sample were packaged such that Property and Evidence personnel were unable to view the items to ensure accuracy of the description, type and amount of property; therefore, it was unclear how Property and Evidence personnel could verify the information. The operating procedure did not provide clear realistic expectations; therefore, Department personnel may be uncertain of their specific responsibilities in ensuring the accuracy of the description, type and amount of property.

5. Operating procedures¹⁰ referred to outdated forms: evidence card, control card, control form or control voucher. However, these forms were no longer utilized due to the implementation of ONESolution RMS; instead, Property and Evidence Vouchers were being utilized. It appeared the operating procedure was not thoroughly updated when ONESolution RMS was implemented. When processes change to include the implementation of new software, the procedures should be updated, to ensure Department personnel's responsibilities remain clear.

Recommendation

The Office of Internal Audit recommends management amend written operating procedures to ensure consistency and reliability of information and provide adherence to laws and regulations. Additionally, not only should management amend the operating procedures specifically referred to in this audit, but all operating procedures in which evidence and property management is addressed. The procedures should be

¹⁰ Included, but not limited to: 6.2.5.D.9, 6.2.5.F.1, 6.2.5.G.1.d, 6.2.5.G.a, 6.2.6.A.3.a, 6.2.6.A.3.b, 6.2.6.A.3.c, 6.2.7.A.2 and 6.2.9.F.11.

amended to include sufficient guidance to allow an individual who is unfamiliar with the operations to perform the necessary activities. Finally, subject matter experts should be included in updating and reviewing the procedures to ensure only attainable and realistic requirements are included.

Some possible improvements to operating procedures based on Internal Audit's observations include the following, but are not limited to:

1. Specific requirements should be listed to ensure sufficient and consistent descriptions are documented for all property and evidence;
2. Clear realistic expectations of personnel's responsibilities to ensure the accuracy of the description, type, and amount of property should be clarified;
3. Address how the weight of narcotic evidence is to be determined and the requirements for determining the weight if the narcotic evidence does not go to a laboratory;
4. Update procedures on the process change of using laboratories other than SBI;
5. Clarify what types of property and evidence can be opened to include the persons allowed to open each specific type of property and evidence;
6. Review and update operating procedures for areas impacted when ONESolution RMS was implemented.

Management's Response:

Recommendation 5.1 and 5.2 – We concur. Management is in full agreement with the recommendations.

The updated Operating Procedure 6.2 will clearly identify these matters and the Evidence Room Staff will be tasked with following those processes and checking for accuracy.

Recommendation 5.3 – We concur. Management is in full agreement with the recommendations.

The procedures will be updated to reflect that the responsible Officers will weigh narcotics prior to being packaged and entered into the Property and Evidence Room. If the narcotics are forwarded to the laboratory then the lab will be responsible for the accurate measuring of the narcotics. If the narcotics do not go to the laboratory, then the responsible officer's weight prior to being packaged will be used as the weight on record.

Recommendation 5.4 to 5.6 – We concur. Management is in full agreement with the recommendations.

The updated Operating Procedure 6.2 will accurately address these concerns and implementation will be monitored by the Evidence Room Staff.

The City of Fayetteville Police Attorneys are reviewing the Operating Procedure Policy for recommendations to updating to ensure this will address the procedure for items entering Property. Property will not be accepted into the evidence room without all field completed or addressed in RMS. This will be the submitting officer's responsibility to complete.

Responsible Party: Specialized Services Division Commander

Implementation Date: 03/10/2019

Finding 6

Potential safety concerns may exist in the Property and Evidence Unit.

IAPE Standard 7.2 stated, "Evidence held in the custody of law enforcement agency should be stored in a manner that facilitates efficient use of space, permits quick retrieval, minimizes safety hazards, prevents cross-contamination and facilitates conducting an inventory."

However, Internal Audit noted the following potential safety concerns:

1. ***Biohazards were not always labeled.*** The IAPE Standard 3.1 stated, “Biohazard labels should be available and used on all items suspected of being contaminated with body fluids.” However, during the inventory of currency, Internal Audit noted two currency envelopes not marked as biohazard in which the currency appeared to be contaminated with body fluids.

According to the Centers for Disease Control and Prevention (CDC) Hepatitis B virus can survive outside the body at least seven days, and Hepatitis C virus can survive outside the body at room temperature, on environmental surfaces, for up to three weeks. Therefore, precautions should be taken to inform personnel when they may be coming in contact with body fluids. In addition to the safety concern for Department personnel who may come in contact with it later, there may also be a concern related to the preservation of biological evidence. The operating procedure does not specifically require these items to be labeled as biohazard. However, biohazard labeling is best practice based on IAPE Standards.

2. ***Food items were maintained in the Property and Evidence Unit.*** Operating Procedure 6.2.5.J stated: “All perishable property requiring refrigeration will be sealed in an envelope or bag and placed in the refrigerator located in the property/evidence preparation room #111H. All food and liquid beverages, to include alcohol, should be photographed and disposed of. Once an item is placed in the refrigerator the key will be dropped in the drop box.” In addition, IAPE Standard 6.1 stated: “As a general rule, perishables should not be stored in the Property room. However, there are circumstances that may require such storage. For this instance, a dedicated refrigerator and a freezer should be made available for temporary storage. Such a refrigerator or freezer should be designed with lockable compartments or doors to protect against commingling evidence from different cases, or potential tampering or theft.”

However, Internal Audit noted five items with descriptions that appeared to be food items: garlic powder, a box of oatmeal pies, a bag of poppy seeds, a bag of rice and a clear plastic bag containing oryza sativ. Based on Internal Audit inquiry, Department personnel indicated these items would not cause rodent infestation; therefore, it was not necessary to photograph and dispose of the items.

Rodent or bug infestations could occur if food items are maintained and not stored appropriately. These infestations could allow for destruction of property and evidence and could be harmful to the health of Property and Evidence personnel.

Recommendation

Management should review and update the operating procedure as deemed applicable to ensure Department personnel understand the importance of the guidelines related to biohazard labeling and appropriate storage of food and liquid beverages.

Management’s Response:

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

The Evidence Room Operating Policy re-write and the follow through and implementation of that policy.

Responsible Party: Specialized Services Division Commander

Implementation Date: 03/10/2019

Finding 7

Security over property and evidence could be improved.

CALEA Standard 84.1 stated, “Administrative and physical security procedures are mandatory to ensure that all property taken into custody and stored by the agency in any manner is properly controlled and protected while in the agency custody.”

Areas noted in which security over property and evidence could be improved were:

1. Currency was not maintained in a fireproof safe to protect against destruction from fire. Based on Internal Audit inquiry, the Department may potentially maintain currency at an approved financial institution.
2. Working cameras were not utilized in all the areas containing property and evidence. The Property and Evidence Unit is the custodian over items such as currency, narcotics and firearms. These items are highly vulnerable to the risk of theft due to their street value and potential for misuse. Therefore, security of these properties is critical. Cameras are a deterrent against theft and could assist in identifying the perpetrator in the event of a breach or theft.

Although security had not been addressed prior to the audit, these forms of security would assist in safeguarding the property and evidence which the Department has an obligation to protect.

Recommendation

1. If currency continues to be maintained in the Property and Evidence Unit, Internal Audit recommends management consider maintaining the currency in fireproof safes.
2. In addition, Internal Audit recommends working cameras be installed and utilized to provide surveillance in all areas where property and evidence are stored.

Management’s Response:

Recommendation 7.1 and 7.2 – We concur. Management is in full agreement with the recommendations.

A review of cost to purchase and implement a camera system and an appropriate fire proof safe is being researched. The primary focus is to remove the bulk of the currency to a non-interest bearing bank account.

Responsible Party: Specialized Services Division Commander

Implementation Date: 03/10/2019

Finding 8

Property and evidence was not always submitted to the Property and Evidence Unit timely.

Operating Procedure 6.2.5.C.5, CALEA Standard 84.1.1 and IAPE Standard 2.1 all stated that under no circumstances will property be held in an officer’s possession beyond the end of their shift. In addition, CALEA stated a written directive should require all property to be logged into agency records before the officer ends their tour of duty or under exceptional circumstances as defined by policy. CALEA stated a written directive should require all property and evidence to be logged into agency records as soon as practical.

However, based on documentation reviewed, a delay was noted between the time the item was seized and the time the item was turned over to the Property and Evidence Unit’s custody for six items.

See the table below for these items.

Number of Items	Type of Item	Date Seized	Date Turned into Property and Evidence Unit	Number of Days Delayed
1	Jewelry	10/30/2015	5/14/2017	562
2	Jewelry	5/30/2013	1/9/2014	224
1	Jewelry	2/17/2017	7/3/2017	136
1	Narcotics	8/9/2017	9/15/2017	37
1	Jewelry	7/2/2006	8/7/2006	36

Based on Internal Audit inquiry, Department personnel indicated either incorrect data was entered into the date and time seized fields within RMS or it's possible when large amounts of property and evidence are seized, items could be placed in temporary storage until they can all be processed to place in the Property and Evidence Unit's custody. Delays could allow the security of the property and evidence to be compromised and impact how the chain of custody holds up in court. In addition, not ensuring the correct dates and times are noted in RMS also affects the integrity of RMS data.

Recommendation

Management should determine if these delays in time between when the property and evidence was seized and turned over to the Property and Evidence Unit's custody appear reasonable and appropriate. If it appears appropriate, management should ensure the process is sufficient to safeguard the items and ensure the integrity of the chain of custody is maintained.

Management's Response:

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

The Police Department conducted the research regarding the listed items found the following:

- Reviewed all cases that were identified by the audit team and each case was a prolonged narcotic investigation that began on a date but continued for a length of time afterward.
- As the officers continued the investigation, they would purchase narcotics or complete a search warrant and seize items on a date that was different from the original report.
- The officer entering those items into the Evidence Module would allow the system to auto-populate the location and date and time in the evidence module, the error occurs here because the system pulls in the original reporting information from the first report.
- The evidence staff has been trained and instructed not to accept this and have the officer update the information.
- The narcotic unit has also been trained to not rely on the auto-populate feature.
- No documented issues since this change.

If they should occur in the future and it is not a result of the above auto population process, the Evidence Room Staff will bring this to attention of the officer's Chain of Command for correction or investigation.

Responsible Party: Specialized Services Division Commander

Implementation Date: 03/10/2019

Finding 9

Controls could be strengthened for the disposal of narcotic property and evidence.

Under IAPE Standard 9.7, drugs pending destruction have the greatest likelihood of being pilfered from storage, or during transportation to a destruction site, as there is generally no longer any interest in the item for prosecution. Therefore, there needs to be thorough documentation and verification of every step in the destruction process to leave no room for doubt or suspicion as to its final disposition.

However, Internal Audit could not determine if one narcotic item presented during the inventory was the actual item selected for the sample due to the item not being maintained in the original packaging with case number, initials and dates. Instead, narcotics were divided and stored with other narcotics cases pending destruction for an unspecified amount of time. Based on Internal Audit inquiry, Department personnel indicated prior legal direction authorized this destruction without a court order, but due to a change in legal direction the narcotics could not be destroyed until court orders were obtained. Additionally, the Drug Terminators previously used to destroy narcotics were small; therefore, the narcotics had to be divided for destruction. However, a new drug burner was purchased which in most cases no longer requires the narcotics to be divided for destruction. Additionally, Department personnel indicated court orders had been obtained, and the narcotics were being destroyed.

Between the time the narcotics were prepared for destruction and then subsequently disposed, they could be removed without detection due to the way they were being maintained.

Recommendation

The Office of Internal Audit recommends management refer to IAPE Standard 9.6 through 9.8 on the destruction of drugs to incorporate these standards in the processes utilized by the Department, and update written operating procedures based on the management approved process.

Management's Response:

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

The Evidence Room Operating Procedure Policy will be re-written and include the standards based on best practice.

Responsible Party: Specialized Services Division Commander

Implementation Date: 03/10/2019

Finding 10

Quality reviews were not conducted for the Property and Evidence Unit.

An important element of internal control involves the continuous monitoring of activities through supervision. Supervision is the ongoing oversight, management, and guidance adopted by management to help ensure the objectives are efficiently and effectively achieved. One aspect of supervision involves monitoring, reviewing, and approving the work of those performing an activity to ensure the work is performed correctly.

1. There were instances noted in which property and evidence was not disposed timely once court orders were obtained. Upon receipt of appropriate court orders, the items should be disposed of as soon as reasonably possible. There were three currency items selected in the original sample for which an original bulk court order for disposal was approved by a judge on May 7, 2013; however, the currency had not been disposed due to errors on the signed court order. Based on Internal Audit inquiry, when preparing this currency to be taken to the Cumberland County Clerk

of Court, the currency was removed from the original currency envelopes and counted. Internal Audit noted a corrected court order was prepared and signed by a judge on July 28, 2016, three years from the date the original court order was signed. However, there were discrepancies noted with the currency counted and the court order signed in 2016. Therefore, another corrected court order was required.

Due to these discrepancies and the way the currency was being maintained, Internal Audit witnessed a count of the currency and noted a greater amount of currency was counted than was listed on the court order signed on July 28, 2016. On March 7, 2018, Department personnel indicated the currency still had not been delivered to the Cumberland County Clerk of Court for disposal. Without an effective quality review process to ensure court orders are accurate, corrected court orders may be necessary requiring rework which ultimately impacts the Department's effectiveness and efficiency. Furthermore, the inaccurate court orders require items to be maintained in the Property and Evidence's Unit custody longer than necessary, which ultimately contributes to overcrowding.

2. Review is an important step in any process to ensure accurate information is recorded and items are processed correctly. One item in the disposal audit sample was incorrectly numbered on the court order and destroyed. Based on Internal Audit inquiry, this discrepancy was not discovered prior to filing the court order and during destruction. Currently the Property and Evidence Unit does not have a quality review program to detect discrepancies and address them in a timely manner. Without a quality review program for court orders, management cannot detect discrepancies which could allow evidence to be disposed without appropriate authority.
3. Monitoring to ensure all property and evidence has been received by the Property and Evidence Unit is an essential internal control. Internal Audit noted items in the RMS Property and Evidence Voucher module with a "PEND" voucher status dated 2008 to 2017 that could not be traced to the RMS Property and Evidence module to reflect the item had been submitted to the Property and Evidence Unit.

Based on Internal Audit inquiry, the submitting officer/detective inputs property and evidence items into the Property and Evidence Voucher module within RMS. Once the property and evidence items are submitted to Property and Evidence personnel, the items are transferred to the Property and Evidence module and assigned a PR#. Reviews are not conducted of the items with a "PEND" voucher status in the Property and Evidence Voucher module to ensure all items have been turned into the Property and Evidence Unit. Without proper monitoring to ensure property and evidence items have been turned over to the Property and Evidence Unit, the security of the property and evidence could be compromised.

Recommendation

Internal Audit recommends all aspects of property and evidence, including, but not limited to intake, storage and destruction undergo a review process by a supervisor or higher to ensure accurate information is recorded during the intake process; items are securely stored; items are processed correctly for disposal; and issues can be addressed in a timely manner.

Management's Response:

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

All Property Staff is responsible for reviewing items and returning to employee for corrections if needed. They are the gate keepers for this information and ensuring that the information entered into RMS is accurate and complete to the best of their knowledge. The RMS Administrator is looking into the possibility of making fields mandatory and RMS not allowing the submission until those fields were

completed. The random and scheduled audits will address reviewing for all items listed in this recommendation.

Responsible Party: Specialized Services Division Commander

Implementation Date: 03/10/2019

Finding 11

Operating procedures for disposals lacked necessary internal controls, needed clarity to ensure compliance and required updating for consistency with the North Carolina General Statutes.

A major function of any property and evidence unit is ensuring the appropriate, timely, and lawful disposition of property and evidence. Specific guidance should be provided on the disposal of property and evidence. Operating Procedure 6.2, specifically sections 6.2.7, 6.2.8, and 6.2.9, serves as the Departmental procedure that governs disposition of property and evidence.

Upon review of applicable Fayetteville Police Department operating procedures, North Carolina General Statutes (NCGS) and a sample of property and evidence disposals, the following observations were made:

1. Operating Procedure 6.2.7.A.4 indicated if property was left in court, the officer originally removing the property from storage would secure a receipt available from the Court Liaison Office and return the receipt to the Evidence Technician by the end of the day. Additionally, IAPE Standard 4.4 indicated all items taken to court and not returned by the end of the court day should have a receipt signed by an officer of the court and a court stamp. The receipt should be returned to the property officer in order to update the official record.

The two items in the sample designated as out to court in RMS appeared to remain signed out to court as of the audit date. However, there was no receipt in either file. As a result, Internal Audit determined Department personnel did not always adhere to the operating procedure by securing a receipt and providing it to the Evidence Technician to ensure records were complete and in compliance.

Without a court receipt to document that an item of evidence has been retained by the court and entered as court evidence, Property and Evidence personnel cannot be assured the evidence was actually retained by the courts.

2. IAPE Standard 7.2 stated: "Latent fingerprints that are stored inside the property room should be segregated from other evidence and filed in a systematic manner. There is no specific standard or requirement that latent fingerprints must be stored inside the property room, only that they should remain secure, tracked, and documented as evidence. Storing fingerprints in some type of locked file cabinet in a location outside the property room, such as an agency's Identification Section, is an acceptable practice." However, Operating Procedure 6.2.5.B. stated, "the Evidence Technician is responsible for the custody, control, and accountability of all evidence, confiscated property and found property."

Within the disposal sample, one item was "released to Forensic Tech" to maintain in the Forensics Unit. As a result, Internal Audit determined Department personnel did not always adhere to the operating procedures by ensuring the latent prints remained in the custody of the Evidence Technician.

The security and control of property and evidence, including latent prints, could be exposed to accidental or deliberate tampering, damage or loss of the property if not maintained within the Property and Evidence Unit.

3. The North Carolina General Statutes assigned authority to release property and evidence to the district attorney, assistant district attorney or court.

However, Operating Procedure 6.2.8.A stated: disposition forms will be distributed “quarterly to all personnel who have submitted evidence/property to the Evidence Section. Officers will indicate on the form whether or not the property is needed and can be disposed of or if the property needs to be retained. The disposition forms will be used by the Evidence Technicians to determine if the property will be: 1. Returned to its rightful owner, or 2. Retained for further follow-up, or 3. Disposed of in accordance with State and Federal Laws.”

In addition, Operating Procedure 6.2.8.C indicated that in cases where an officer/detective is no longer with the Agency, “it will be the responsibility of the Technical Services Unit Sergeant to determine the necessity to retain property...”

Furthermore, Operating Procedure 6.2.9.E stated: “Unless otherwise directed by a court of competent jurisdiction: 1. Items of no evidentiary value and unlawful items will be destroyed immediately upon receipt of officer’s signature or case detective’s signature. 2. Items of no evidentiary value will be returned to the rightful owner, if known, immediately upon receipt of submitting officer’s signature or case detective’s signature. 3. Items of value for which rightful ownership cannot be established will be sold at public auction.”

These sections of the operating procedure appear to be giving officers/detectives authority to release items. Based on Internal Audit inquiry as to the legality of such release, officers/detectives do not have the authority to release or destroy evidence. Therefore, Internal Audit noted the operating procedure did not appear to have been updated to ensure compliance with the North Carolina General Statutes.

Without clear guidance on the steps to lawful disposal, to include the officers/detective’s role, unlawful dispositions of property and evidence could occur.

4. NCGS 15-12 required a notice to be published, for items in the possession of the Department which have remained unclaimed, allowing the potential owner to make claim no later than 30 days from the date of the publication. After which, if no claim is made, the items will be sold or disposed.

However, Operating procedure 6.2.9.F.5 stated: “...the found property shall be disposed as follows: a) If the finder of the property requests in writing that the property be returned to him/her, then the property can be returned to the finder. b) If the finder of the property does not request that the property be returned to him, then the property will be treated as unclaimed property and should be disposed of in accordance with the unclaimed property procedures.” Based on Internal Audit inquiry, the Department does not have authority to change ownership of property and this should be handled through a court of law. Internal Audit noted the operating procedure did not appear to have been updated to ensure compliance with the North Carolina General Statutes.

Without clear guidance on the steps to lawful disposal, to include the officers/detective’s role, unlawful disposition of property and evidence could occur.

5. NCGS 15-12 and Operating Procedure 6.2.9.F.6.b. required the notice to either state the items will be “sold or disposed of” or “sold or otherwise disposed of”.

The Department's notice only stated the items would be sold. Based on Internal Audit research, PropertyRoom.com disposed of items by donating, scrapping and destroying. As a result, Internal Audit determined the publication was not in compliance with the operating procedures or NCGS.

Without the publication written to notify the reader that the items could be disposed, the reader only considers the items are being sold.

6. Based on NCGS 15-15, the proceeds realized from the sale of unclaimed property shall be first used to pay the costs and expenses of the sale. Then, any balance remaining from the proceeds shall be paid, within 30 days after the sale, to the treasurer of the county Board of Education for the benefit of the public schools in that county.

However, the Department did not distribute auction proceeds to the Cumberland County Board of Education within 30 days after the sale. Based on Internal Audit inquiry, the Department provided documentation for \$4,508.89 in auction proceeds received from March 2017 through November 2017. However, Internal Audit was unable to validate the proceeds had been paid to the Cumberland County School Board. In addition, checks issued to the Clerk of Court from March 2015 to August 2015 totaling \$4,437.40 relating to auction proceeds had been voided in August and September 2016 and not reissued. It appeared the process to deposit and transfer auction proceeds to the Cumberland County School Board was not clearly defined to Police and Finance Department personnel.

While NCGS 15-15 does not currently list penalties for noncompliance with this section, continued non-compliance could lead to future fines and sanctions. In addition, this non-compliance withholds funds from the Cumberland County school system.

7. North Carolina General Statutes assign authority to release evidence to the district attorney; assistant district attorney or court. Based on Internal Audit inquiry, the submitting officer or case detective did not have the authority to release or destroy evidence.

Of the 127 evidence items in the disposal sample, Internal Audit found six items disposed without district attorney/assistant district attorney approval or a court order. Five of these disposals were prior to the operating procedure update effective March 18, 2016 and were based on prior legal direction. One disposal was destroyed based on a court order dated July 13, 2016, but the item was not included on the exhibit provided with the court order for destruction. Based on Internal Audit inquiry, this item was unintentionally excluded from the court order exhibit and was not discovered prior to destruction.

Evidence disposed without appropriate authority could allow destruction of items still needed for an open case. In addition, the rightful owner could obtain legal authority for the return of their property, but if the property was previously disposed of in a different manner there may be legal repercussions for the City.

8. NCGS 15-11 stated that appropriate entries, showing the manner, date, and to whom articles were disposed of or delivered to, shall be kept.

There were 83 items in the sample that appear to have been disposed of by destruction. There were no chain of custody entries completed noting the disposal of the items. Based on Internal Audit inquiry, Department personnel indicated items remain in the Property and Evidence Unit until destroyed; therefore, there would be no chain of custody. Department personnel provided RMS disposition information showing who destroyed the item; who witnessed the destruction; the date and time; the file number and the item number. However, Internal Audit noted access

controls in RMS allowed one user to enter information for both who destroyed and who witnessed the destruction.

Without accurate and complete disposal records, the Department cannot determine if all the property and evidence is accounted for; and safeguarded from theft, loss and misuse.

9. Operating Procedure 6.2.9.F.17 stated: “All destruction of property will be performed by the Evidence Technicians and witnessed by the Technical Services Unit Lieutenant or Sergeant. All parties involved in the destruction of evidence will enter all property and the date will be entered into the Records Management System according to the specific piece of evidence.”

According to RMS records, the disposition information for 49 (59%) of the 83 destroyed items listed the Technical Services Unit Sergeant’s name as the person who destroyed the item instead of the witness. However, Internal Audit could not validate the information entered into RMS due to the lack of access controls and written documentation. As a result, Internal Audit determined Department personnel did not always adhere to the operating procedures.

Due to the lack of access controls within RMS, and without Departmental management requiring written documentation reflecting items were destroyed and witnessed by independent personnel, management could not reasonably ensure the property and evidence items were destroyed.

10. Operating Procedure 6.2.9.F.21 stated: “During the destruction of narcotics/controlled substances, a combination of two Fayetteville Police employees will be present to witness the process and make an accurate record of the destruction. The combination will be of either Evidence Room Supervisor (Sergeant or Lieutenant) or the Service Bureau Captain and a Property and Evidence Room Technician.”

Internal Audit noted 19 of the 83 destroyed items were narcotic disposals. There were eight items for which the Evidence Room Supervisor (Sergeant or Lieutenant) was not listed in RMS as involved in the destruction; one of which had no witness listed. Internal Audit could not validate the information entered into RMS due to the lack of access controls. Additionally, written documentation was not provided outlining the destruction process. Departmental procedures did not define the destruction process for narcotics to ensure an accurate record was documented of the destruction.

Without management requiring detailed documentation to be maintained that outlines the destruction process and all personnel involved, there is an increased risk that the items could be lost or stolen.

11. For property and evidence released to other agencies such as: United States Secret Service; Department of Motor Vehicles; Federal Bureau of Alcohol, Tobacco, and Firearms; Cumberland County Sheriff’s Office; United States Department of Homeland Security; Federal Bureau of Investigations, and North Carolina Department of Revenue, a form of documentation should be required showing the disposition of each item.

For North Carolina Department of Revenue, a warrant for collection of taxes is provided and a receipt for the payment made was maintained in the property and evidence files. However, for 11 items released to other agencies, only three included a property receipt from the receiving agency. The remaining eight items were transferred to another agency and did not have property receipts on file for the transfers. Internal Audit noted chain of custody forms completed for items out to other agencies, but the level of detail needed to thoroughly track an item’s destination and the responsible person was not always available.

Without property receipts capturing the name of the agency and the person receiving the evidence, the Department cannot ensure proper disposal.

12. IAPE Standard 4.4 stated, “Whenever evidence is transferred from the property room to an external location, such as court, the crime lab, or other agency, its destination and the person responsible should be tracked and monitored by either a paper or electronic tickler file until it is returned, or its final disposition is documented.” Examples of items needing tickler files given in the IAPE Standards are: items out to court, crime lab, other agency, and out for investigation.

Although, the Property and Evidence Unit maintains a location in which files for property and evidence items that have been “checked out” are kept. Internal Audit was not able to validate contact with the officer/detective, to determine the status of the property or evidence, was conducted. Departmental procedures did not address a requirement for personnel to monitor “checked out” property and evidence.

Without a properly documented tickler system in place, tracking and monitoring the movement of items cannot be achieved to ensure the items are still in the custody of personnel as recorded on the chain of custody and returned in a timely manner.

13. According to the IAPE standards, narcotics and firearms pending destruction pose the highest risk for pilferage; therefore, thorough documentation and verification of every step of the destruction process is needed to remove doubt and suspicion as to the property’s disposal.

Internal Audit noted destroyed items were not independently verified, and the method of destruction was not documented. Disposition codes stated either “DESTROYED” or “CUT” and no reference was made in the property and evidence files as to the method of disposal. This creates a control weakness because all destruction items are packaged and sealed by Property and Evidence personnel prior to disposal. A control weakness regarding destruction exists in current Departmental procedures, and the process is not clearly defined to ensure segregation of duties is achieved.

Documentation of destruction including: how the item was destroyed; who destroyed the item; and who witnessed the destruction would increase accountability for the destruction process and assist in ensuring the item is safeguarded through its final disposition.

14. Operating Procedure 6.2.9.B stated, “Citizens must present proper identification to the Evidence Technician prior to any property being released.” Additionally, Operating Procedure 6.2.9.B.4. stated, “The requesting person must show proper identification before the property can be released.”

The operating procedure is not clear as to who is required to present identification and what type of identification is required. Therefore, Internal Audit could not validate if proper identification was presented before items were released from the property and evidence room.

Without operating procedures clearly outlining requirements for proper identification items may be released to the incorrect owner.

15. Operating Procedure 6.2.9.B.5 stated, “any serial numbers will be verified on property before releasing the items to the person”.

Based on Internal Audit’s review of 173 items in the disposal audit sample, verification of serial numbers, where applicable, was not always documented before releasing the property. Operating procedures were not clear as to the form of documentation required when serial numbers are

verified and the type of disposal requiring serial numbers to be verified (i.e. returned to owner, destruction and auction). Internal Audit also noted serial numbers were not always documented in RMS by the submitting officer or case detective.

Without serial numbers being verified, where applicable, management cannot ensure disposal of the correct item.

16. NCGS 15-12 and 15-14 and Operating Procedure 6.2.9.F.6 stated the notice of unclaimed property must contain a brief description of the property, and the notice of sale must contain a sufficient description of the property to be sold.

For eight (47%) of the 17 items sold at auction, the auditor did not consider the generic description in the notice to be sufficient for someone to determine if a particular item belonged to them. Based on Internal Audit inquiry, generic descriptions were given in the notice; whereas, each item could not be described in a manner in which identifying information could be used to claim ownership.

Without a sufficient description, a reasonable owner might not be aware of property in the Department's possession to ensure the rightful owner can make claim.

17. Internal Audit reviewed current operating procedures to ensure specific guidelines for valuables and sensitive items such as firearms, narcotics, currency, high value items, and biological evidence were outlined.

Operating Procedure 6.2 gives specific guidelines for the intake of such items but does not provide the same level of detail for disposal. It does not appear disposals based on category or property type were considered when the procedures were drafted and subsequently revised.

Without specific guidelines for disposal of high risk items, there may be improper or unlawful disposals.

Recommendation

Management should create or amend operating procedures addressing matters observed during this audit. Emphasis should be placed on the classifications of property, methods of disposal, and procedures for disposition.

1. Procedure updates for temporary removal of property from the evidence room should at a minimum include:
 - a. A process for items released to court and the type of documentation required if retained;
 - b. Specific procedures for transferring property and evidence items to other agencies and what documentation should be maintained;
 - c. Authorization for the Forensics Unit to maintain evidence and procedures for maintenance; and
 - d. Instructions for a ("checked out") tickler file system and how follow-up should be documented.
2. There are specific observations relating to current Operating Procedure 6.2.8, but overall Internal Audit concluded, management should have a documented review process outlining steps to evaluate each item of property and evidence for disposal, to include specifying what considerations should be made, and at a minimum should include:

- a. Procedures for obtaining proper authorization for final disposition of property and evidence;
 - b. Guidelines for returning items to identified owners;
 - c. Guidelines for disposal of items requiring special consideration;
 - d. Guidelines to ensure lawful disposal of property and evidence;
 - e. Reconciliations of all computerized data systems and hard-copy paperwork to reflect the final disposition of property and evidence items, including who authorized and handled the release or destruction, and to whom items were released; and
 - f. Define Department personnel roles to retain property and evidence or process for disposal.
3. Although there are specific observations relating to the current Operating Procedure 6.2.9, Internal Audit concluded that overall, when reviewing the current operating procedure, specific guidelines, procedures and methods of disposal including guidelines for unclaimed property and how property transitions to the unclaimed property process for all categories of property held in the Property and Evidence Unit did not exist. Category specific guidelines should at a minimum include:
- a. Defined officer/detective role in retaining property and evidence to ensure compliance with North Carolina General Statutes;
 - b. When identification is needed and what documentation should be recorded; and
 - c. When serial numbers should be verified; the form of documentation required when serial numbers are verified; and the type of disposal requiring serial numbers to be verified.
4. Procedures should include specific guidelines for valuables and sensitive items.
- a. Guidelines for disposal of firearms at a minimum should include releasing, methods of disposal, destruction and adherence to federal, state and local law;
 - b. Guidelines for disposal of narcotics, at a minimum should include packaging and preparation for disposal; methods of destruction; destruction of large amounts and precautions for hazardous chemicals;
 - c. Guidelines for disposal of currency and other high value items, at a minimum should include consideration for evidentiary value; accurate accounting for funds and high value items held in evidence; and methods of disposal; and
 - d. Guidelines for biological/biohazardous items should at a minimum include compliance with all applicable state and local environmental health concerns; and use of qualified/approved disposal vendors and disposal sites.
5. The Office of Internal Audit recommends management establish internal controls to ensure personnel are in compliance with North Carolina General Statutes. Some possible areas where internal controls should be established based on Internal Audit's observations include the following, but are not limited to:
- a. Publication should state the items will be "sold or disposed of" or "sold or otherwise disposed of"; and
 - b. Auction proceeds should be distributed to the Cumberland County Board of Education within 30 days after the sale.
6. Any amendment to current procedures should account for obsolete practices and be consistent with federal, state, and local requirements. In addition, procedures should speak to federal, state and local retention requirements for each category of property and evidence; and should include a review of ALL operating procedures to ensure consistency as it relates to property and evidence and the disposal process.

Management’s Response:

Recommendations 11.1 through 11.6 – We concur. Management is in full agreement with the recommendations.

The review of the entire Police Department Evidence and Property Policy is being addressed to ensure the implementation of an updated policy will cover all items listed in Recommendation 11.1 – 11.6. The City of Fayetteville Police Attorneys have been working on this policy, until the policy is updated the department will continue to look at the operational issues addressed in this recommendation.

Responsible Party: Specialized Services Division Commander

Implementation Date: 03/10/2019

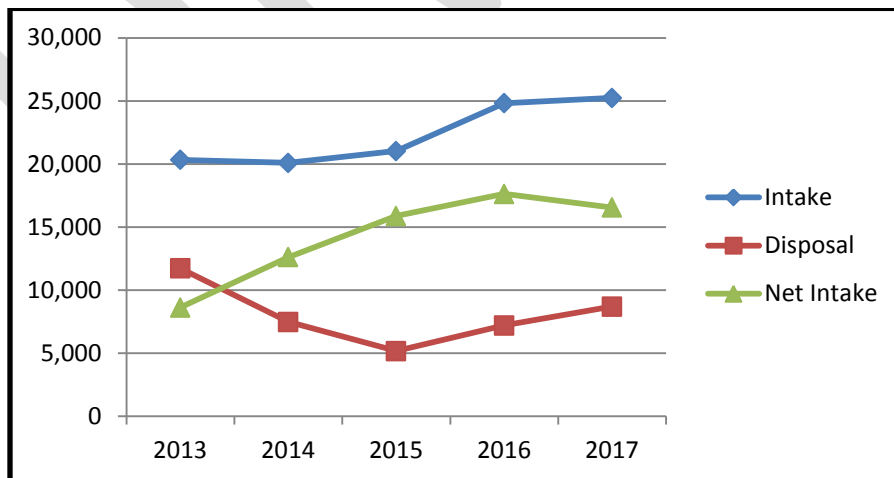
Finding 12

Property and evidence levels have been increasing and without improvements to facilitate evidence disposition; storage space will soon be depleted.

IAPE Standard 14.1 stated, “Law enforcement agencies should have a systematic review process assuring that each item of property and evidence is evaluated for possible purging on an annual basis.” The Property and Evidence Unit is responsible for intake and management of thousands of items every year. The table below shows the inventory levels have been steadily increasing over the last five years due to the Property and Evidence Unit receiving more items than were disposed which poses an immediate challenge with a lack of storage space. In addition, the table reflects a net inventory of 71,247 items over the last five years. These numbers were provided by Department personnel and do not take into account the property and evidence already being maintained by the Property and Evidence Unit prior to 2013.

	2013	2014	2015	2016	2017	Total
Intake	20,322	20,081	21,026	24,819	25,231	111,479
Disposal	11,716	7,467	5,160	7,195	8,694	40,232
Net Intake	8,606	12,614	15,866	17,624	16,537	71,247

The chart below illustrates the apparent difference between intakes versus disposals every year.



Additionally, the table below shows the number of items as of September 20, 2017 recorded in RMS. The items were recorded based on category codes which indicate whether the item was considered: evidence, confiscated, found, inmate property, or amnesty. There were 564 items that did not reflect a category code; whereas, these items are reflected as unknown in the table below.

Items in Inventory Based on Case Number Year							
Category	Year Unknown	1972 to 1979	1980 to 1989	1990 to 1999	2000 to 2009	2010 to 2017	Total
Evidence	1,112	476	856	1,292	31,456	110,726	145,918
Confiscated	1	1	-	12	370	2,816	3,200
Found	-	-	-	1	252	1,926	2,179
Inmate Property	-	-	-	-	5	1,860	1,865
Amnesty	-	-	-	-	-	296	296
Unknown	-	17	9	-	-	538	564
TOTALS	1,113	494	865	1,305	32,083	118,162	154,022

The bulk of the inventory was related to evidence and contained a wide variety of items, however, the top ten classes of evidence made up 120,634 (84%) of the 145,918 evidence items which were coded as the below table outlines:

Class of Evidence Items	Total	% of Total
Converted Data	21,943	15%
Narcotics	18,526	13%
Recording Media (CD, DVD, VHS)	17,647	12%
Drug Paraphenelia	12,477	9%
Ammunition	11,837	8%
Unusual Items	9,287	6%
Documents (Paper, Mail, etc)	8,356	6%
Clothing	8,343	6%
Bodily Elements (Hair, Blood, etc)	7,068	5%
Firearms	5,150	4%
	120,634	84%

Based on Internal Audit inquiry, unclear and inconsistent operating procedures and guidance regarding disposal of property and evidence and changes to the NCGS have made it difficult for Property and Evidence personnel to process disposals. In addition, the property and evidence inventory has been steadily increasing, but the staffing levels within the Property and Evidence Unit have not increased. Furthermore, Property and Evidence personnel have taken on the responsibility to determine the disposition of the cases and prepare court orders for disposals. Without a procedure in place for maintaining inventory at a manageable level, the Department could ultimately not have the storage needed for property and evidence. Although additional resources are needed to reduce the current inventory to a more manageable level, long terms solutions are needed.

Recommendations:

Management should develop and implement a strategic plan to address the increasing levels of property and evidence maintained by the Property and Evidence Unit, and the possible need of additional facilities to store property and evidence.

Management's Response:

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

The Fayetteville Police Department is currently in the process of re-design associated with various areas of the police administrative building and this includes the evidence section. The City of Fayetteville Police Attorneys will assist in addressing the issues and allow Property Room Staff to operate with the guidelines that he has established in accordance with state and federal laws.

Responsible Party: Specialized Services Division Commander

Implementation Date: 03/10/2019

CONCLUSION

Internal Audit has concluded work on the audit of the Police Department Property and Evidence Unit. Of the 968 system to shelf items in the audit sample, Internal Audit was able to account for all but one of the items. Although, the Property and Evidence Unit has basic safeguards in place for property and evidence, some additional controls are needed to adequately safeguard items against loss, damage and theft. Based on Internal Audit's review, the Property and Evidence Unit could improve operations by addressing observations in this report and updating procedures.

Implementation of the recommendations contained in this report, will assist the Department in improving the effectiveness of internal controls over property and evidence, and assist in improving the integrity of the data in the Records Management System.

In addition, lack of space in the Property and Evidence Unit poses an immediate challenge. The Property and Evidence Unit is responsible for intake and management of thousands of items every year and typically receives more items than are disposed. While efforts are being made to dispose of items; purging is not an effective way to control capacity. Items such as sexual assault kits, DNA samples and homicide investigations must be kept for long periods of time resulting in a need for long term solutions for storage space. Efforts should continue to reduce inventory where possible, and a strategic plan should be considered for additional facilities to store property and evidence. Additionally, management should consider a review of Property and Evidence personnel to ensure staffing levels are meeting the needs of the Department.

Internal Audit would like to thank 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
Rose Rasmussen
Senior Internal Auditor

Signature on File
Traci Carraway
Internal Auditor

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



MEMORANDUM

June 26, 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

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2017 - 2018 (3rd 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
Police Department Confidential Funds A2018-03	February 2018	2	2	0	2	0

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2017-2018 (3rd Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – April 26, 2018	Management Follow-up Response – February 1, 2018
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 style="text-align: center;">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 style="text-align: center;">Implementation Date: 9/30/2018</p>	<p style="text-align: center;">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 style="text-align: center;">Revised Implementation Date: 9/30/2018</p>

Office of Internal Audit
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Fiscal Year 2017-2018 (3rd Quarter)

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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>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>

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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>Implementation Date: 9/30/2018</p>	<p>Revised Implementation Date: 9/30/2018</p>
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Office of Internal Audit
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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: 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	Partially Implemented Our current operating practices have been revised and a department-specific records policy has been developed. We	Partially Implemented Our current operating practices have been revised and a department-specific records policy has been developed. We

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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>Implementation Date: 9/30/2018</p>	<p>are currently training staff for full consistent implementation of the policy.</p> <p>Revised Implementation Date: 9/30/2018</p>
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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>	<p>Implemented</p> <p>As of 8/31/2017, this recommendation has been fully</p>

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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>implemented.</p>
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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>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, an internal policy has being developed to provide guidance on when bonds (in general) may be required.</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>

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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.			
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>	Implemented The process-related component of this finding has been revised with the marking of all invalid permits. The procedural component has been implemented by development of a policy on how staff is to mitigate permits that have expired or are invalid.	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

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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	Partially Implemented 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.	Partially Implemented 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.

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A2016-02 Permitting and Inspections				
		<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>Completion Date: 9/30/2018</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>
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>Implemented</p> <p>This recommendation was implemented on 5/8/17.</p>

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A2016-02 Permitting and Inspections

		<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 the permitting and inspections</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 PLL solution. Until the assessment</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>9-11: Policy developed on Fee</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>9-11: Policy developed on Fee</p>

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A2016-02 Permitting and Inspections

	<p>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 management should ensure</p>	<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: 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>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>Implementation Date: 9/30/2018</p>	<p>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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A2016-02 Permitting and Inspections				
	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 to the proper revenue account. The	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. Implementation Date: 9/30/2018	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

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A2016-02 Permitting and Inspections

		<p>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 response to Recommendation 13.)</p>		
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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: 11/30/2017</p> <p>Responsible Party: Senior Administrative Assistant (Permitting); Building Official (Inspections)</p>		
11	The Permitting and Inspections Department should establish measurable and achievable	The Building Official is working with Information Technology's project manager and our Cityworks	Partially Implemented The department is creating a	Partially Implemented The department is creating a

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	Recommendation	Management Response	Management Follow-up Response – April 26, 2018	Management Follow-up Response – February 1, 2018

A2016-02 Permitting and Inspections

	<p>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>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><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></p>	<p>policy to define what our data is, how we track our data, and how we use the data for performance measurement.</p> <p>We are working with Strategic Performance Analytics to create dashboards and data displays to help facility performance management.</p> <p>The City’s policies concerning data governance will be implemented on a department specific basis.</p> <p>Implementation Date: 9/30/2018</p>	<p>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>Revised Implementation Date: 9/30/2018</p>
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KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – April 26, 2018	Management Follow-up Response – February 1, 2018
A2016-02 Permitting and Inspections				
		<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: 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 ‘cleaned’ and fix any ‘clean up’	<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 recommendations on whether to</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>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>

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A2016-02 Permitting and Inspections				
	considered necessary.	<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: 6/30/2017</p> <p>Responsible Party: IT Project Manager</p>	Implementation Date: 9/30/2018	Revised Implementation Date: 9/30/2018
13	While inspector training may be driven by certification requirements, non-inspector personnel training needs are not. Conduct a personnel training assessment and develop or provide training opportunities to meet the needs identified. Permitting and Inspections management should dedicate the appropriate resources and time to ensure proper training for department personnel. An important part of any training	<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 weekly one-hour training of 	<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>Implementation Date: 9/30/2018</p>	<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>

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A2016-02 Permitting and Inspections

	<p>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>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 held employee training of both 		
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A2016-02 Permitting and Inspections

		<p>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 authorized a project assessment to</p>		
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A2016-02 Permitting and Inspections				
		<p><i>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 Department and/or the software	We will perform a comprehensive review of existing policies and procedures and make the necessary adjustments to comply with the purpose and intent of this audit. Reporting will be a component of this initiative. Reporting is part of the Information Technology Department’s priority “fix” list. As modifications to the case types,	Partially Implemented 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 functions of operational	Partially Implemented 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 functions of operational

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A2016-02 Permitting and Inspections

	<p>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>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>software will be discussed within this policy.</p> <p>Implementation Date: 9/30/2018</p>	<p>software will be discussed within this policy.</p> <p>Revised Implementation Date: 9/30/2018</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><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="text-align: center;">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="text-align: center;">Implementation Date: 9/30/2018</p>	<p style="text-align: center;">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="text-align: center;">Revised Implementation Date: 9/30/2018</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	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	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	Implemented While the process-related content of this finding has been mitigated, the department has also developed a policy on the issuance and maintenance of open permits.	Partially Implemented 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. Revised Implementation Date: 9/30/2018

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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	<p>Implemented</p> <p>Implemented per last follow-up</p>	<p>Implemented</p> <p>Implemented per last follow-up</p>

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A2016-02 Permitting and Inspections

	<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>response.</p>
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A2016-02 Permitting and Inspections				
	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	Implemented Implemented per last follow up response

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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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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. This process is concurrent with the implementation of our online Cityworks and idtPlans portal.</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>

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A2016-02 Permitting and Inspections

	permit application, Fayetteville City Code and the Fee Schedule.	Responsible Party: Building Official	Implementation Date: 9/30/2018	
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</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>This solution is also being integrated into a possible change in gateway and merchant services with online payments.</p> <p>The department is currently developing and refining policies that incorporate the City’s Financial Policies to a department specific level.</p> <p>Implementation Date: 9/30/2018</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>

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	<p>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.</p> <p>Once these processes are established, Permitting and Inspections management should ensure personnel are adequately trained on them.</p>	<p>been prepared for review and approval by the Interim Permitting and Inspections Director. Compliance with these procedures will be included as a performance measure.</p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Senior Administrative Assistant</p>		
21	<p>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.</p>	<p>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</p>	<p>Implemented</p> <p>The department has developed and refined policies that incorporate the City’s Financial Policies to a department specific level.</p> <p>Implementation Date: 9/30/2018</p>	<p>Partially Implemented</p> <p>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.</p> <p>The department is currently developing and refining policies that incorporate the City’s Financial Policies to a department specific level.</p>

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		<p>will ensure that the payment is 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>		Revised Implementation 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</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</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. We have been working with Finance Department staff to adequately develop procedures</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 style="color: red;">Revised Implementation Date: 9/30/2018</p>

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	<p>how to process refunds should be 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>the Permit Technicians and such 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>that are consistent across department lines.</p> <p>Implementation Date: 9/30/2018</p>	
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A2016-02 Permitting and Inspections				
23	<p>Internal Audit recommends Permitting and Inspections personnel responsibilities be reassigned in order to achieve an effective separation between opening the mail and recording transactions. In addition, Permitting and Inspections management should consider checks being opened in dual custody to further strengthen controls.</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>Personnel duties will be defined to require the front line permit technicians assigned to permit issuance to record transactions, and daily dispatch permit technicians will have mail duties to address this issue. The Senior Administrative Assistant will supervise and ensure compliance.</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>Partially Implemented</p> <p>The department is currently developing and refining policies that incorporate the City’s Financial Policies to a department specific level. We have been working with Finance Department staff to adequately develop procedures that are consistent across department lines.</p> <p>Implementation Date: 9/30/18</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: 9/30/18</p>
24	The Office of Internal Audit recommends Permitting and Inspections management work with the Information Technology	The fax machine vendor programmed the Permitting Multi-Functional Device (fax machine) so permit applications received can	<p>Partially Implemented</p> <p>The department is currently developing and refining policies</p>	<p>Partially Implemented</p> <p>The department is currently developing and refining policies</p>

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	<p>Department to establish a process for security of faxed information. Such a process could include faxes being printed only when the appropriate security code is entered or having a dedicated fax machine for the Permitting and Inspections Department in a secure location with limited access. Permitting and Inspections management should ensure the faxes are destroyed in accordance with City’s Administrative Policy # 311 - <i>Security of Sensitive and Confidential Information and Breach Response Plan</i>.</p>	<p>only be printed by means of entering a security code. Faxes are secured within the device until the security code is applied. Permit Technicians and the Senior Administrative Assistant are only privy to such code, and if at any time the code may be breached, a new security code can be reassigned.</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</p>	<p>that incorporate the City’s Financial Policies to a department specific level.</p> <p>Implementation Date: 9/30/2018</p>	<p>that incorporate the City’s Financial Policies to a department specific level.</p> <p>Revised Implementation Date: 9/30/2018</p>
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		<p>within two weeks following adoption. The Senior Administrative Assistant will also conduct quarterly quality reviews of the Security and Confidential Information. Additionally, and in accordance to the Security of Sensitive and Confidential Information and Breach Response Plan, the Permit Technicians destroy (shred) faxes that contain confidential financial information following the completion of the issuance process of every permit.</p> <p>Implementation Date: 9/30/2016</p> <p>Responsible Party: Senior Administrative Assistant</p>		
25	Permitting and Inspections management should coordinate with the Information Technology Department and/or the software developer to develop controls within Cityworks to ensure permits are not printed before all pre-permitting requirements are met and the hardcoded status on the	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	<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</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</p>

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	<p>permit should read the status within Cityworks.</p> <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>says INVALID if the report is printed before all the required 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>compliant.</p> <p>Implementation Date: 9/30/2018</p>	<p>compliant.</p> <p>Revised Implementation Date: 9/30/2018</p>
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		<p>Implementation Date: 11/30/2016 for the workaround. TBD for the ultimate resolution.</p> <p>Responsible Party: IT Project Manager</p>		
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.</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</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>Implementation Date: 9/30/2018</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>

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	<p>However, prior to permit issuance, Permitting and Inspections personnel should ensure permit applications are completed with all information necessary to calculate fees. If information on the application is unclear, Permitting and Inspections personnel should ask the applicant for clarification. Any updated information should be clearly documented for future reference.</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</p>	<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: Building Official; Senior Administrative Assistant</p>		
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	<p>residential building permit without a homeowner recover fee charged.</p> <p>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.</p>			
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</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</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</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</p>

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	<p>from that date unless renewed, Permitting and Inspections should establish and follow written procedures to ensure all general contractors with active permits still have valid licenses in March of each year. For any active permits determined to be issued to general contractors with invalid licenses, Permitting and Inspections personnel should establish written procedures to comply with NCGS 160-422 relating to the revocation of permits.</p>	<p>trade and building permits in our current practice.</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</p>	<p>Administrative Code and Policies Section 204.3.6 which reads <i>“It shall be the duty of 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>Implementation Date: 9/30/2018</p>	<p>Policies Section 204.3.6 which reads <i>“It shall be the duty of 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>
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		<p>Contractors, they are looking into developing a Webservice with which we would be able to programmatically interface with in order to validate the contractor in real time. At this time there is no ETA for the availability of this Webservice. Such an arrangement with other trades is being explored. Currently Information Technology has investigated other methods of automatically validating the Contractor License, however, there would be additional funding needed to do this.</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</i></p>		
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		<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: 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</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</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>Implementation Date: 9/30/2018</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>

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	<p>a permit is issued at which time, the inspector can verify that a duplicate permit is not being created.</p>	<p>resource issue will be created due to permit volume. If this is the direction of the Interim City Manager, we will produce a plan for implementation for consideration during the FY18 budget cycle.</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</i></p>		
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		<p><i>to refine Cityworks will be discontinued.</i></p> <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><i>As it relates to the deficiencies that</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>Also, technology is also being evaluated to ensure that the inspectors can result the inspections in real time after the inspection is conducted.</p> <p>Implementation Date: 9/30/2018</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>Revised Implementation Date: 9/30/2018</p>

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		<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: 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	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	Implemented With the assistance of IT, the department has implemented the recommendation preventing the bypassing of system controls.	Implemented With the assistance of IT, the department has implemented the recommendation preventing the bypassing of system controls.

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	<p>conducted by management to ensure all inspections are completed and resulted for each type of permit on the workflow. Cityworks workflows should be updated for each permit type to include only required inspections for that permit type.</p>	<p>Permitting and Inspections 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</i></p>		
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		<i>discontinued.</i>		
		Implementation Date: 6/30/2017		
		Responsible Party: Building Official		
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</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>Implementation Date: 9/30/2018</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>

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		<p>inspector location.</p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Building Official</p>		
32	<p>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>	<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 address the Cityworks PLL</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>Implementation Date: 9/30/18</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>

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		<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: 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>		
33	Internal Audit recommends Permitting and Inspections	We agree that enhancements can be made to better confirm fee	Partially Implemented	Partially Implemented

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	<p>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>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><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>	<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>Implementation Date: 9/30/2018</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>Revised Implementation Date: 9/30/2018</p>
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A2016-02 Permitting and Inspections

		<p><i>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>		
34	<p>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>	<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 refinement efforts or seek another PLL solution. Until the assessment</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>Implementation Date: 9/30/2018</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>

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	Recommendation	Management Response	Management Follow-up Response – April 26, 2018	Management Follow-up Response – February 1, 2018
A2016-02 Permitting and Inspections				
		<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: 6/30/2017</p> <p>Responsible Party: Building Official</p>		
35	Consider implementing multi-trade inspections, specifically HVAC permits, to enhance scheduling flexibility, reduce drive times and improve response times.	The Permitting and Inspections Department is now performing multi-trade inspections for two permit types. One is the mechanical change out permit when the mechanical inspector inspects both the mechanical and electrical installations. The other is the gas water heater permit when the plumbing inspector inspects the water heater, vent piping and the gas piping. A policy and procedure will be written to ensure both permits are ready before the inspector goes on the inspection. Management also utilizes this cross	<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 installs and change outs.</p>	<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 installs and change outs.</p>

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A2016-02 Permitting and Inspections

		<p>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>We have also developed a multi-trade permit</p> <p>Implementation Date: 9/30/18</p>	<p>Revised Implementation Date: 9/30/18</p>
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KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – April 26, 2018	Management Follow-up Response – February 1, 2018
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.	<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. 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.</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 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.</p>	<p>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.</p>

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A2017-01 City-wide Travel and Training

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 <u>did</u> 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 reviewed FY 2017 transactions for coding errors and are continued making adjustments.</p> <p>Accounts Payable staff has offered training and copies of the Accounts Payable updated procedures. Staff continues working with the employee until comfortable with travel procedures and processes.</p> <p>However, due to turnover in the Treasurer position, the new employee will likely have to attend the sales tax seminars to increase staff capacity.</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>Responsible Party: Jay Toland, Special Assistant to the City Manager & Christine Pressley, AP Supervisor</p> <p>Implementation Date: TBD</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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	Recommendation	Management Response	Management Follow-up Response – April 26, 2018	Management Follow-up Response – February 1, 2018
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 style="color: red;">Partially Implemented</p> <p style="color: red;">A subsequent review of Policy #120 has been completed and the Purchasing Division of Finance is awaiting consent from Senior Management Team to fully implement. Scheduled to discuss policy on Monday, April 16, 2018.</p>	<p style="color: red;">Partially Implemented</p> <p style="color: red;">The Purchasing Division of Finance accepts the responsibility of Policy #120 City of Fayetteville General Contracting Practices and Procedure.</p> <p style="color: red;">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>

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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>A subsequent review of Policy #120 has been completed and the Purchasing Division of Finance is awaiting consent from Senior Management Team to fully implement. Scheduled to discuss policy on Monday, April 16, 2018.</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</p>

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A2016-06 Contract Practices and Procedures

	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>training and monitoring practices to ensure the purchase 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	<p>1. We concur. Management is in full agreement with the recommendation.</p> <p>To ensure full implementation and</p>	<p>Partially Implemented</p> <p>A subsequent review of Policy #120 has been completed and the Purchasing Division of</p>	<p>Not Implemented</p> <p>The Purchasing Division of Finance accepts the responsibility to providing clarification to Policy #120,</p>

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A2016-06 Contract Practices and Procedures

	<p>conditions under which a 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>compliance, the City Manager will assign the CFO the responsibility of providing clarification to Policy #120, City of Fayetteville General Contracting Processes and Procedures in an effort to define the conditions under which a contract is required.</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</p>	<p>Finance is awaiting consent from Senior Management Team to fully implement. Scheduled to discuss policy on Monday, April 16, 2018.</p> <p>A training module is being prepared and will be delivered to staff using PowerDMS.</p> <p>Revised Implementation Date: 07/31/2018</p> <p>Responsible Party: Chief Financial Officer or designee</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>develop a quality control program 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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A2018-03 Police Department Confidential Funds

1	<p>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.</p>	<p>We concur. Management is in full agreement with the recommendation.</p> <p>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.</p> <p>Responsible Party: Captain over Narcotics Unit</p> <p>Implementation Date: Effective immediately, this process will begin and continue to be prioritized for accuracy and compliance.</p>	<p>Partially Implemented</p> <p>Management has implemented the review process and the proper documentation of the review by the chain of command is being maintained to ensure it does not fall outside the two month reconciliation period.</p> <p>In addition, the policy is also being reviewed to ensure consistency, efficiency and reliability of information. The changes in the policy are being reviewed to adhere to applicable laws and regulations before any efficiency changes are made. This will require a final legal review.</p>	<p>Not Applicable – Audit report presented at February 1, 2018 Audit Committee meeting.</p>
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A2018-03 Police Department Confidential Funds

2	<p>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.</p>	<p>Management concurs.</p> <p>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. Page 6 of 7</p> <p>FPD Solution: FPD will update Operating Procedure 6.2, Evidence and Property Management to</p>	<p style="color: red;">Partially Implemented</p> <p style="color: red;">Management is still in the process of updating the entire policy the Operating Procedure 6.2 Evidence and Property Management.</p> <p style="color: red;">Once the policy is completed, training will be conducted departmental wide.</p> <p style="color: red;">Until the updated procedures are completed, management has implemented a new card associated with the currency envelope indicating if it is buy money (Confidential Funds) and if it is not checked it will not be submitted into evidence for processing. This will also ensure accountability for monitoring the Confidential Funds until the new policy is completed. This will also enable the unit to identify Confidential Funds which need to be returned to the Narcotics</p>	<p>Not Applicable – Audit report presented at February 1, 2018 Audit Committee meeting.</p>
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A2018-03 Police Department Confidential Funds

		<p>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.</p> <p>Responsible Party: Evidence Lieutenant</p> <p>Implementation Date: February 1, 2016</p>	<p>Unit after an investigation.</p>	
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