

**AUDIT SUBCOMMITTEE QUARTERLY MEETING MINUTES
LAFAYETTE CONFERENCE ROOM, 1ST FLOOR
CITY HALL, 433 HAY STREET, FAYETTEVILLE
TUESDAY, JUNE 26, 2018
3:30 P.M.**

Committee Members Present: Council Member Dawkins
Council Member Crisp
Mr. Glenn Goldsmith
Council Member Wright
Mr. Wade Fowler (arrived at 3:45 p.m.)

Others Present: Council Member Waddell (departed at 4:15 p.m.)

Staff Present: Elizabeth Somerindyke, Internal Audit Director
Rose Rasmussen, Senior Internal Auditor, Internal Audit
Tracey Carraway, Internal Auditor, Internal Audit
Douglas Hewett, City Manager
Kim Toon, Purchasing Manager
Jay Toland, Interim Chief Financial Officer
Gina Hawkins, Police Chief
Telly Whitfield, Assistant City Manager
Karen McDonald, City Attorney
Michael Martin, Deputy Development Services Director
Jennifer Ayre, Deputy City Clerk (departed at 4:15 p.m.)

1. Call to Order

Council Member Wright called the meeting to order at 3:42 p.m.

Mr. Hewett introduced the committee and staff members present.

2. Approval of Agenda

MOTION: Council Member Dawkins moved to approved the agenda

SECOND: Mr. Goldsmith

VOTE: UNANIMOUS (4-0)

**3. Approval of Minutes
February 1, 2018**

MOTION: Council Member Crisp moved to approved the minutes

SECOND: Council Member Dawkins

VOTE: UNANIMOUS (4-0)

4. Discussion of Appointment of Officers

Mr. Crisp requested this discussion should be deferred due to the absent members. Ms. McDonald stated it is the option of the committee to defer. Council Member Wright agreed that they should wait until Dr. Jackson is present.

MOTION: Council Member Crisp moved to defer the appointment of officers until the next meeting

SECOND: Council Member Dawkins

VOTE: UNANIMOUS (5-0)

Ms. Somerindyke stated the next meeting is currently scheduled for July. She asked if the Committee would like to reschedule until August 23, 2018. **Committee consensus was to reschedule.**

5 Internal Audit Activities

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

Ms. Somerindyke provided background on the Police Department request to have a Confidential Funds Compliance Audit and procedure of how the audit was completed.

The operating procedures were reviewed, staff was interviewed, gained understanding of the Record Management System (RMS) and Commission on Accreditation for Law Enforcement Agencies (CALEA) standards. Site visits and security reviews were done of the Property and Evidence department. Multiple samples from different areas of the Property and Evidence department were reviewed.

Finding 1: The Fayetteville Police Department was not always in compliance with applicable procedures and North Carolina General Statues

Ms. Somerindyke stated seven recommendations were made to management for establishing internal controls to ensure personnel are in compliance with North Carolina General Statues and operating procedures

Management did concur with the recommendation.

Discussion ensued.

Finding 2: The data maintained within the Record Management System was unreliable

Ms. Rasmussen stated four recommendations were made to ensure complete inventory into the records system and updating operating procedures.

Management did concur with the recommendations with reservations on recommendation 2.1 and 2.4. The reservation for 2.1 is due to the Police Department is reviewing the option of having currency kept in a financial institution. The reservation for 2.4 is due to reviewing the cost associated with having a vendor come in and assist with the "clean up" of data in the RMS.

Discussion ensued.

Finding 3: Internal Controls need strengthened

Ms. Somerindyke stated three recommendations were made to implement internal controls within RMS

Management did concur with recommendations 3.2 and 3.3. They did not concur with 3.1 and were in total disagreement with the recommendation.

Finding 4: Items were not located.

Ms. Rasmussen stated three recommendations were made to locate where missing items are and how non-located items are addressed.

Management did concur with the recommendations.

Discussion ensued.

Finding 5: Procedures were not always clear and consistent with current processes

Ms. Somerindyke stated six recommendations were made to improve operating procedures.

Management did concur with the recommendations.

Finding 6: Potential safety concerns may exist in the Property and Evidence Unit

Ms. Rasmussen stated there was one recommendation to ensure operating procedures were updated for biohazard labeling and food and beverage storage.

Management did concur with the recommendation.

Discussion ensued.

Finding 7: Security over property and evidence could be improved

Ms. Somerindyke stated two recommendations were made to ensure adherence to CALEA Standards.

Management did concur with the recommendations.

Council Member Crisp requested management set realistic timelines on implementing the recommendations.

Finding 8: Property and evidence was not always submitted to the Property and Evidence Unit timely

Ms. Somerindyke stated one recommendation was made.

Management did concur

Finding 9: Controls could be strengthened for the disposal of narcotic property and evidence and Finding 11: Operating procedures for disposals lacking necessary internal controls needed clarity to ensure compliance and required updating for consistency with the North Carolina General Statues.

These two findings were combined together during the meeting due to time constraints and likeness of subject matter.

Ms. Somerindyke stated one recommendation was made for Finding 9 and six recommendations were made for Finding 11.

Management did concur with all recommendations.

Finding 12: Property and evidence levels have been increasing and without improvements to facilitate evidence disposition; storage space will soon be depleted.

Ms. Rasmussen stated 1 recommendation was made due to the high levels of property and evidence being stored.

Management did concur with the recommendation.

Ms. Somerindyke stated there will be a follow up audit of the identified areas in 2019.

Mr. Fowler and Council Member Crisp thanked Chief Hawkins for requesting the audit and hopes the audit will be a help to addressing the areas of concern.

MOTION: Mr. Fowler moved to accept the Police Department Evidence and Property Management Compliance Audit 2018 – 01

SECOND: Mr. Goldsmith

VOTE: UNANIMOUS (5-0)

6 Quarterly Management Implementation Status Report

No presentation. For information purposes only.

7 Adjournment

There being no further business, the meeting adjourned at 5:02 p.m.

Respectfully submitted,

JENNIFER L. AYRE
Deputy Clerk
062618

LARRY O. WRIGHT, SR.
Council Member, District 7