



Audit Committee Meeting
May 2, 2019 @ 3:00pm
1st Floor – LaFayette Room
433 Hay Street, Fayetteville, NC 28301

AGENDA

1. Call to Order
2. Introduction of New Audit Committee Member
3. Approval of Agenda
4. Approval of Meeting Minutes
5. Internal Audit Activities (*Presented by Elizabeth Somerindyke, Internal Audit Director*):
 - a. Police Department Confidential Funds Audit (A2019-01)
 - b. WEX Fuel Card Audit (A2019-05)
6. Quarterly Management Implementation Status Report
7. Reschedule Audit Committee Meeting July 25, 2019
8. Adjournment

Attachments:

- a) Meeting Minutes – January 30, 2019
- b) Police Department Confidential Funds Audit Report A2019-01
- c) WEX Fuel Card Audit Report (A2019-05)
- d) Quarterly Management Implementation Status Report 3rd Quarter FYE19

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**AUDIT SUBCOMMITTEE QUARTERLY MEETING MINUTES
LAFAYETTE CONFERENCE ROOM, 3RD FLOOR
CITY HALL, 433 HAY STREET, FAYETTEVILLE
WEDNESDAY, JANUARY 30, 2019
3:00 P.M.**

Committee Members Present: Council Member Crisp
Council Member Larry Wright
Dr. Pamela Jackson

Committee Members Absent: Council Member Dawkins
Darsweil Rogers, PWC Chairman

Others Present:

Staff Present:

Karen McDonald, City Attorney
Telly Whitfield, Assistant City Manager
Elizabeth Somerindyke, Internal Audit Director
Rose Rasmussen, Senior Internal Audit
Abby Cerniglia, Internal Auditor
Jay Toland, Interim Chief Financial Officer
Michael Gibson, Parks, Recreation, and Maintenance Director
Kim Toon, Purchasing Manager
Chief Gina Hawkins
Major James Nolette
Metoya Scott, Senior Administrative Assistant

1. Call to Order

Council Member Crisp called the meeting to order at 3:11 p.m.

Council Member Wright delivered a prayer.

2. Approval of the Agenda

MOTION: Council Member Wright moved to approve the agenda.

SECOND: Dr. Pamela Jackson

VOTE: UNANIMOUS (3-0)

**3. Approval of the Minutes
DECEMBER 6, 2018**

MOTION: Council Member Wright moved to approve the minutes from the December 6, 2018 meeting.

SECOND: Dr. Pamela Jackson

VOTE: UNANIMOUS (3-0)

4. Internal Audit Activities
a. Performance Measures Audit (A2018-04)

Council Member Crisp asked staff if they had the answer to a question Council Member Wright raised in the December Audit meeting. Council Member Wright requested what the reason was for the jump in expenditures for public safety from 2015 to 2016. Mr. Hewett stated he would verify the reason why and report back. Dr. Telly Whitfield advised the increase was due to Council's decision to invest in additional law enforcement officers.

Elizabeth Somerindyke, Director of Internal Audit, presented the findings of the Compliance Audit 2018-04 Performance Measures. The objectives of this audit were to assess the reliability, relevancy and accuracy of performance measures reported in the fiscal year 2018 annual budget document; and to determine if adequate controls were in place for the measures being tested. The 3 performance measures were selected based on City Council's interest in two areas: right-of-way maintenance and street resurfacing.

In order to accomplish the objectives of the audit, the Office of Internal Audit obtained and reviewed our City Goals and objectives and the Performance Measurements reported in the 2018 annual budget document, interviewed department personnel that was involved in the day to day calculating, reporting, and maintaining the data for those departments, and tested the performance measurement data provided to the audit committee by those departments.

Finding 1

The performance measures did not appear to address how the Department was achieving the associated objective. Parks and Recreation department reported the number of right-of-way miles maintained and the number of visits required. However, the number of miles and visits reported are not actual accurate. What's reported is only what is required by the NCDOT agreement and not all the work that is actually performed.

Conversation ensued.

The recommendation reported by Ms. Somerindyke is for the Management to review and update all departmental performance measures to make sure the measure is met and for the Department to report what is actually being performed and not just required.

Finding 2

Ms. Rose Rasmussen, Senior Internal Auditor, presented the outcome of Finding 2. The performance measures could be defined to provide improved clarity for the reader. The performance measures should clearly state how the departments were achieving the associated objective and provide all the necessary and relevant information in order to be used for informed management/budget decisions. If the performance measure is not clearly defined, the decision makers may not have all the pertinent information to make informed decisions, and the average user may not be able to effectively evaluate performance from the information presented.

Conversation ensued.

The recommendation reported by Ms. Rasmussen is for Management to review and update all departmental performance measures to ensure the performance measures are defined so the average user can effectively evaluate the information.

Ms. Somerindyke further advised Management has met with the Strategic Performance Analytics staff to determine a better process of reporting performance measures. Staff will update performance measures to effectively tell the story of the work being performed in PRM. Staff will work closely with Strategic Performance Analytics to ensure we are communicating information that can be easily processed and understood by the average user.

Finding 3

Ms. Somerindyke stated the performance measures data could not be validated. The performance measures data reported in the budget document needs to be accurate in order to be used for informed management/budget decisions. However, Internal Audit could not validate the number reported for the # of miles resurfaced. Ms. Somerindyke advised if the performance measure data is not accurate, then decision makers could be ineffectively allocating resources.

In conclusion Ms. Somerindyke advised the committee that the City is on the right track to utilize performance measures to allocate resources where they are needed; however, there are several areas that must be addressed if performance management is going to have the intended impact

MOTION: Dr. Pamela Jackson moved to accept the Performance Measurement Audit

SECOND: Council Member Wright

VOTE: UNANIMOUS (3-0)

B. Compliance Audit 2016-05: Parks, Recreation and Maintenance Nonresident Fees Implementation

Ms. Somerindyke advised the objectives of the audit were to: review and document the processes related to nonresident fees; determine if necessary documents supporting the charge of nonresident vs resident fees were received; determine if fees were charged correctly; and determine if deposits, fees, and revenues assessed and collected were accounted for and deposited intact with the Finance Department, Collections Division.

The findings of this audit were fees were not always charged correctly, fees were not always transparent on the fee schedule, sufficient documentation to validate fees charged was not maintained, and internal controls need strengthened. Ms. Somerindyke stated a recommendation to amend the policies to provide clear guidance on how to accurately and consistently charge the fees, provide training to personnel, and develop a quality review program for those fees.

Management is in full agreement with the recommendations.

MOTION: Council Member Wright moved to accept the Compliance Audit 2016-05: Parks, Recreation and Maintenance Nonresident Fees Implementation

SECOND: Dr. Pamela Jackson

VOTE: UNANIMOUS (3-0)

5. Quarterly Management Implementation Status Report

No presentation. For information purposes only.

6. Adjournment

There being no further business, the meeting adjourned at 4:22 p.m.

Respectfully submitted,

METOYA SCOTT
Sr. Administrative Assistant
013019

WILLIAM CRISP
Council Member, District 6

DRAFT



**Compliance Audit 2019-01
Police Department Confidential Funds**

May 2019

Director of Internal Audit
Elizabeth Somerindyke

Senior Internal Auditor
Rose Rasmussen

Internal Auditor
Abby Cerniglia



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
Abby Cerniglia

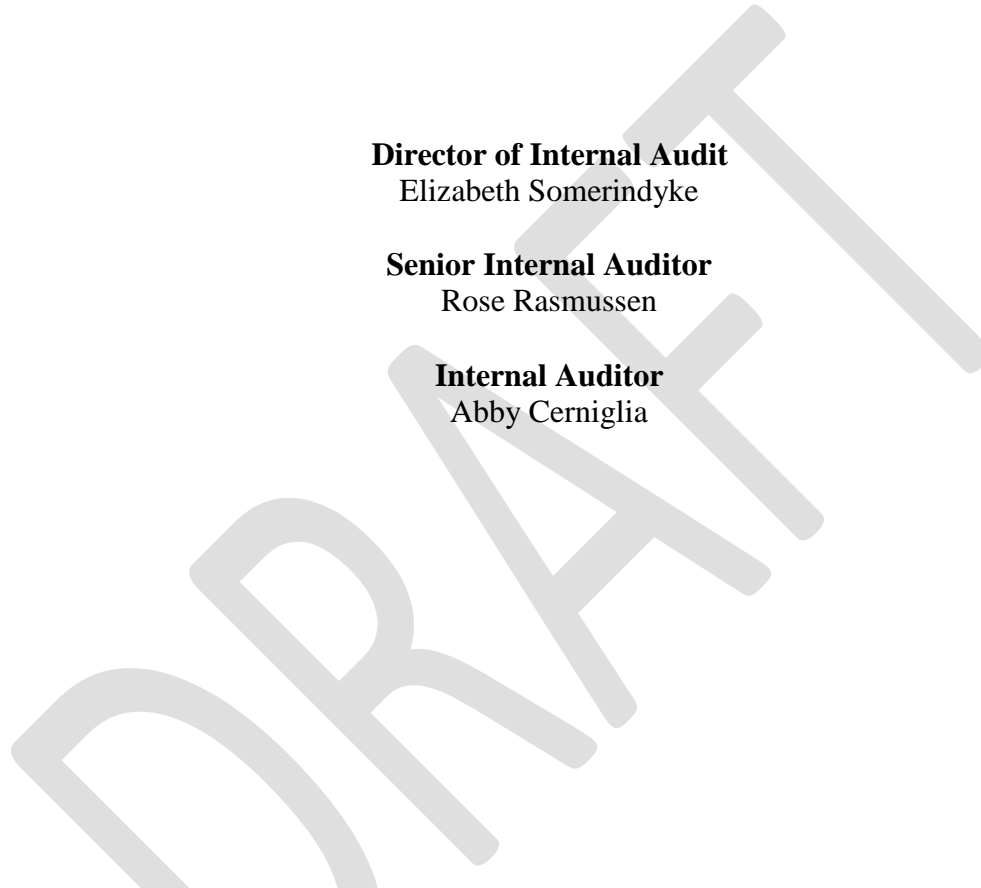


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<http://fayettevillenc.gov/government/city-departments/internal-audit>

Mailing Address: 433 Hay Street, Fayetteville, NC 28301

EXECUTIVE SUMMARY

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

The Office of Internal Audit reviewed use, security and maintenance of confidential funds for nine of 37 (24%) personnel that utilized and/or maintained confidential funds for the period of October 1, 2017 to December 31, 2018. The review included the accounting records and documents pertaining to confidential funds. In addition, the auditors interviewed Police Department personnel involved in the administration, maintenance and use of the funds, and traced contraband purchased during operations to the Property and Evidence Room.

The Office of Internal Audit concluded the Police Department was generally in compliance with the organization's policies and procedures; applicable laws, regulations and guidelines regarding the Police Department's confidential funds. However, prior findings relating to Operating Procedure 6.2 had not been updated to address a prior year finding to ensure RMS disposal records provided adequate documentation to account for transfers from the Property and Evidence Room to the Narcotics Unit, and Operating Procedure 5.8 had not been updated to address the reporting and review process for confidential funds. Based on Internal Audit's inquiry, the implementation of these recommendations are in progress.

BACKGROUND

The Fayetteville Police Department's Special Investigative Division administers and controls an informant/expenditure cash fund. The units within this Division conducted covert operations and had an original annual budget for fiscal year ending June 30, 2018 of \$100,000. Allowable uses of this fund were to pay informants, purchase contraband or otherwise maintain and finance undercover or investigative operations approved by the Chief of Police or designee. By using these funds, the units were able to conceal their identity from criminals, vendors and the public.

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

AUDIT OBJECTIVES

The objectives of this audit were to determine if:

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

This audit was conducted pursuant to *Fayetteville Police Department Operating Procedure 5.8 Confidential Funds and Use of Informants* effective December 21, 2018 which states an audit of the confidential funds account will be conducted annually. Additionally, the audit was scheduled to be performed as part of the Office of Internal Audit's approved *Annual Audit Plan Fiscal Year 2019*.

AUDIT SCOPE

The scope of the audit included all current practices related to confidential funds. In addition, the audit period covered fund activity from October 1, 2017 to December 31, 2018 for the Fayetteville Police Department's VICE Investigative Division, previously known as the Special Investigation Division.

AUDIT METHODOLOGY

To review compliance and determine the adequacy of internal controls, Internal Audit:

- Compared applicable written policies, procedures, laws, regulations and guidelines against actual practices of the Police Department;
- Interviewed Police Department personnel involved in the administration, maintenance and use of confidential funds;
- Reviewed the accounting records and documents pertaining to confidential funds to include Power DMS, and
- Traced contraband seized during operations to the Property and Evidence Room.

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

For the period of October 1, 2017 to December 31, 2018, there were 37 personnel that utilized and/or maintained confidential funds. In order to conduct the audit, a sample size of nine personnel (24%) that utilized and/or maintained confidential funds was judgmentally selected to reasonably ensure the sample allowed for diversity within the population.

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

Audited Expenditures of Confidential Funds¹	# of Transactions	Amount
Payments to Non-Departmental Personnel	79	\$7,979.33
Purchase of Contraband	49	40,310.00
Special Investigative Expense	22	1,764.03
Total Expenditures Audited	150	\$50,053.36

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

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

Summary of Cash on Hand	
Personnel²	Amount
Narcotics Lieutenant	\$6,000.00
Sergeant 1	-
Sergeant 2	83.59
Sergeant 3	-
Detective 1	350.00
Detective 2	-
Detective 3	-
Detective 4	-
Detective 5	1,760.00
Detective 6	520.00
Detective 7	125.38
Detective 8	-
Total	<u>\$8,838.97</u>

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

FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSES

Based on the audit work performed, the Office of Internal Audit concluded the Police Department's Special Investigation Division was generally in compliance with the organizations policies and procedures; applicable laws; regulations and guidelines, and adequate internal controls existed for the Police Department's confidential funds. There were no significant exceptions noted.

FOLLOW-UP AUDIT RESULTS

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

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

Original Finding 4 (Report A2016-01)

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

City management is responsible for establishing and maintaining a system of internal controls to ensure financial activity is accurately reported and reliable. During the audit of confidential funds (buy money) transferred from the Evidence Room to the Narcotics Unit, the auditors identified \$8,871.00 recorded in the Narcotics Unit financial records. A report was requested from Police Department Evidence Room personnel showing all confidential funds (buy money) released from the Evidence Room to the Narcotics Unit

confidential funds custodian from July 1, 2014 to June 30, 2015. Evidence Room personnel presented the auditors with a disposal report titled "Fayetteville Police Department" with disposition dates from January 29, 2010 to May 8, 2015. In addition, the Narcotics Unit provided Internal Audit with two Chain of Custody Signature Forms; dated August 26, 2014 for \$2,156.00 and May 8, 2015 for \$6,715.00. The following observations were noted:

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

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

Original Recommendation

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

FPD Management's Response: Management concurs.

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

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

Responsible Party: Evidence Lieutenant

Implementation Date: February 1, 2016

Follow-up Report (A2017-02)

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

Follow-up Report (A2018-03)

During the prior audit period, there were no transfers of cash from the Police Department Property and Evidence Room to the Narcotics Lieutenant's confidential funds safe. However, there was one cash reimbursement from the U.S. Department of Justice, Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). During the 2017 year audit (A2017-02), the Narcotics Lieutenant proposed reimbursement of confidential funds, whether from the Property and Evidence Room or outside agencies to be deposited to the general fund via depositing with the City of Fayetteville Finance Department. Although the operating procedures were not updated with the proposed process, the payment received from ATF was deposited to the general fund as the memorandum proposed.

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

Current Observation (A2019-01)

The Narcotics Unit received \$5,660 of confidential funds from the Property and Evidence room during the audit period, and Internal Audit reviewed the chain of custody and currency envelopes for the money received. In addition, Operating Procedures 5.8 was updated in December 2018 to provide guidance for treatment of recovered funds.

However, the recommendation for this finding was to update the operating procedures regarding the transfer of confidential funds (buy money) to/from the Evidence Room and RMS. Management's response was that *Operating Procedure 6.2 Evidence and Property Management* would be updated. Based on the January 24, 2019 corrective action plan update to A2018-01 Evidence and Property Management Audit, Operating Procedure 6.2 is currently in draft format and is being updated.

Status of Recommendation

In Progress

Original Finding 1 (Report A2018-03)

Documentation of review and timely reporting were lacking.

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

by the Major Crimes Division Captain.” Furthermore, “The Division Captain will submit the completed monthly Confidential Funds file to the Bureau Commander each month for review.”

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

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

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

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

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

Original Recommendation

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

FPD Management’s Response

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

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

Responsible Party: Captain over Narcotics Unit

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

Current Observation (A2019-01)

During the current audit, Internal Audit reviewed CI File Transfer/Review logs to determine the timeliness of the monthly reconciliations. For the period under review, Internal Audit noted an overall average of 38 days elapsed from the end of the month to the time the Monthly Expenditure Report packets were signed

by the Special Investigative Division Captain; whereas, previously the average was 83 days. For 10 (76%) out of 13 months, the reconciliation was completed and filed for storage in the Narcotics Unit in under 60 days as set forth in the management response.

Internal Audit reviewed Operating Procedure 5.8 and determined the procedures had not been updated to provide guidance for timeliness of this process. Based on the October 25, 2018 corrective action plan, the Police Department is still researching industry 'best practices' in considering a policy change that would specify an exact timeframe for confidential fund reconciliation reports. However, the Police Department did not recommend specifying a timeframe due to the possibility of unforeseen delays which would result in a potential violation of the policy. Therefore, although, it appeared the review process was timely, the operating procedures had not been updated as stated in the recommendation for this finding.

Status of Recommendation

In Progress

CONCLUSION

Based on audit work, Internal Audit determined the Police Department generally adhered to the organization's policies and procedures; applicable laws, regulations and guidelines during the period October 1, 2017 through December 31, 2018. The Police Department's VICE Investigative Division have continually reviewed and updated policies and procedures, which contributed to stronger controls and a general adherence to policies and procedures over confidential funds. However, Internal Audit noted a lack of prior written approvals as required by Operating Procedure 5.8. Internal Audit recommends management review and determine if the policy meets management's needs for prior written approvals, update the policy as deemed appropriate, and develop a process to ensure prior written approvals are obtained when required. In addition, Operating Procedures 6.2 and 5.8 should be updated to address prior year audit findings.

Signature on File

Elizabeth H. Somerindyke
Director of Internal Audit

Signature on File

Rose Rasmussen
Senior Internal Auditor

Signature on File

Abby Cerniglia
Internal Auditor

Distribution:

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



**Compliance Audit 2019-05
WEX Fuel Cards**

May 2019

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DRAFT

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EXECUTIVE SUMMARY

The Office of Internal Audit conducted a compliance audit of the WEX fuel card program managed by the Police and Fire Departments. The audit was approved in the Fiscal Year 2018-2019 Internal Audit Plan. The audit period covered WEX fuel card transactions dated January 1, 2018 through December 31, 2018, and January 1, 2019 through March 12, 2019 were reviewed when deemed necessary. The objectives of the audit were to determine whether:

1. Fuel cards were sufficiently administered in accordance with established laws, regulations, guidelines, policies and procedures;
2. Fuel cards issued are needed and periodically accounted for;
3. Proper internal controls existed to ensure that only authorized individuals use fuel cards; and
4. Fuel cards are used to obtain fuel for City purposes only.

This report addresses a number of control weaknesses within the WEX fuel card program that negatively impacted the control environment. As a result of the audit, nine findings were noted:

1. Federal and State fuel tax exemptions were not obtained.
2. Fraud, waste and abuse potentially existed due to lack of internal controls.
3. City-wide and/or departmental written policies and procedures governing fuel card usage and management were not documented.
4. Departmental management should perform an appropriate level of review.
5. WEX fuel cards were not inventoried and could not be located.
6. Internal controls were lacking in the City's WEX fuel card online program.
7. Segregation of duties over WEX fuel cards administration and system access were lacking.
8. Training and accountability were not required.
9. Fraudulent use of WEX fuel card occurred.

The results of the audit present potential cost saving opportunities and identified areas for management to correct weaknesses and improve its operations. Internal Audit determined internal controls related to the WEX fuel card program needed to be established, and the administrative oversight of the fuel cards needed improvement. Overall, the fuel card program would operate more efficiently and effectively if management implemented the recommendations as presented in the report.

Internal Audit reviewed WEX fuel card transactions to determine if fraud occurred. Based on review of WEX fuel card transactions, the following conditions were noted that might indicate fraud: (1) multiple transactions within an hour, (2) fuel cards used to purchase fuel more than once a day, (3) purchases in excess of the vehicles fuel capacity, (4) use of department personnel's personal identification number (PIN) to purchase fuel not within the work hours reflected on the respective timecards, and (5) fuel purchases outside of Fayetteville and surrounding communities.

Additionally, upon review of WEX fuel card reports provided and interviews of personnel it became apparent that control weaknesses were wide spread and pervasive throughout the WEX fuel card program. Internal Audit concluded there was a high probability that fraud relating to the use of the City's WEX fuel cards for non-City purposes could exist.

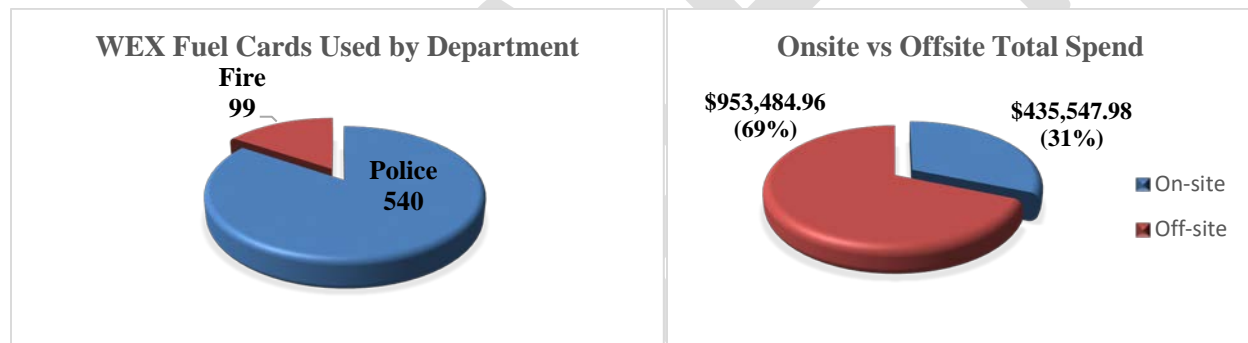
BACKGROUND

The City of Fayetteville expanded its fueling locations by entering into an agreement through the State of North Carolina in April 2014. Under the convenience contract through the State of North Carolina, fuel cards could be used by the Police and Fire Departments to purchase fuel through Wright Express (WEX).

The City’s fuel card program serves as a refueling alternative when personnel driving City-owned vehicles are unable to use the City fuel sites¹. City management also indicated additional benefits of reduced response times, as fire apparatus and police vehicles would be able to refuel in their districts, reducing time away from assigned areas. Under the WEX fuel card program, Police and Fire Department personnel may obtain fuel 24 hours per day, seven days per week at participating retail locations that accept the WEX fuel cards issued by the City of Fayetteville Police and Fire Departments. WEX maintains a website that details and summarizes the City’s WEX fuel card activity.

The City’s WEX fuel card program included 675 vehicles, apparatus and equipment and involved 28,224 transactions, totaling \$953,484.96² in fuel card transactions between January 1, 2018 and December 31, 2018.³ Each operational Police and Fire Department vehicle, with some exceptions, was assigned its own WEX fuel card to purchase fuel. The fuel card was identified by the associated vehicle, apparatus or equipment number. A personal identification number (PIN) was required to be entered by City personnel to obtain fuel.

The WEX fuel card program was a decentralized function, and the Police and Fire Departments were responsible for all aspects of the program within the respective department, to include: (1) initiate and process new cards, (2) initiate and process driver PINs, (3) deactivation of driver PINs, (4) process replacements for lost or stolen cards, (5) process cancellation of cards for disposed vehicles, apparatus and equipment, and (6) oversight of fuel card use. There were 639 WEX fuel cards used from January 1, 2018 to December 31, 2018 by City of Fayetteville public safety personnel.



There were two City fuel sites which allow fuel to be purchased tax-free. While personnel were encouraged to utilize the City’s fuel sites, the WEX fuel cards were accepted at numerous locations, in and outside of the City. However, the tax free rate was only available at the two City fuel sites. Through the WEX fuel card program, the City expended \$200,353.57, 21% of the total WEX fuel card costs, in related fuel taxes.

AUDIT OBJECTIVES

The objectives of this audit were to determine if:

1. Fuel cards were sufficiently administered in accordance with established laws, regulations, guidelines, policies and procedures;
2. Fuel cards issued are needed and periodically accounted for;
3. Proper internal controls existed to ensure that only authorized individuals use fuel cards; and
4. Fuel cards are used to obtain fuel for City purposes only.

¹ Includes the PWC fueling site.

² Total expenditures for the WEX fuel card program of \$953,484.96 was net of rebates totaling \$15,772.85.

³ The term “vehicles” includes fire engines, fire emergency trucks and motorcycles. The term “equipment” includes generators, all-terrain vehicles and boats.

AUDIT SCOPE

The scope of the audit included WEX fuel card transactions, which occurred January 1, 2018 through December 31, 2018. WEX fuel card transactions for January through March 12, 2019 were reviewed when deemed necessary.

Internal Audit used transactional detail reports from the WEX fuel card system provided by the Police and Fire Departments to select a ten percent sample of WEX fuel card transactions to determine the location, existence, security, and if there were any inappropriate uses of the fuel card. Additionally, a ten percent sample of Police and Fire Department personnel were selected and cross referenced to the transactional detail report and time cards to determine inappropriate use.

This report and its findings are based on information taken from a sample of transactions and personnel and do not intend to represent an examination of all related transactions and activities.

AUDIT METHODOLOGY

In order to accomplish the objectives of the audit, the Office of Internal Audit performed, but was not limited to, the following:

- Interviewed Police and Fire Department personnel in various roles within the respective departments;
- Conducted a review of the sampled transactions to determine the effectiveness of internal controls;
- Reviewed WEX fuel card invoices and City fueling site consumption reports;
- Reviewed JD Edwards vehicle and equipment capital asset records, and personnel records;
- Conducted a walkthrough of the Public Works Commission (PWC) fueling site and a retail location within the City;
- Reviewed fuel card data to identify questionable transactions; and
- Considered risk of fraud, waste and abuse.

FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSES

Finding 1

Federal and State fuel tax exemptions were not obtained.

Based on review of WEX fuel card transaction detail reports, there was no indication that the City of Fayetteville received eligible fuel tax exemptions. Internal Audit determined the City paid \$200,353.57 in fuel taxes across 28,037 fuel card transactions during calendar year 2018. However, the City did not pay fuel taxes for fuel purchases at the two City fuel sites.

Department of the Treasury, Internal Revenue Service, Publication 510, *Excise Taxes (Including Fuel Tax Credits and Refunds)* states, a credit or refund may be allowable to an ultimate purchaser when the use is exclusive by a political subdivision of a state, which means fuel purchased by a state or local government. Furthermore, North Carolina General Statutes 105-449-88, *Exemption from the excise tax* states, excise tax on motor fuel does not apply to motor fuel sold to a county or a municipal corporation for its use.

During the implementation of the WEX fuel card program in 2014, the documentation completed by the City of Fayetteville to participate in the convenience contract through the State of North Carolina by purchasing fuel through WEX did not stipulate that the City was exempt from motor fuel tax.

Based on the City's WEX fuel card expenditures for calendar year 2018, totaling \$953,484.96, of which \$200,353.57, 21% was related fuel taxes, the City potentially overpaid fuel taxes in the amount of \$896,819 since the 2014 implementation.

Recommendation

Internal Audit recommends management of the Finance Department to implement the following:

1. File applicable fuel tax exemption documentation and follow-up to ensure the City receives the fuel tax exemption status with WEX.
2. Research to determine if the City is entitled to Federal and State fuel tax refunds paid since 2014 and request refunds, as deemed eligible.
3. Monitor WEX fuel card invoices for merchants not participating in the tax exemption program to ensure fuel tax refunds are requested.

Management's Response:

Finance Department

Management concurs and is in full agreement with the recommendations.

1. Finance management has filed the required fuel tax exemption package with WEX and will follow-up to ensure the City is receiving the tax exemption status as requested. Furthermore, the Finance Department will complete a reconciliation to ensure reimbursements were filed on behalf of the City, both for State and Federal, monthly and annually respectively.
2. Research has been conducted to determine if the City is eligible for refunds, however, as of April 29, 2019 the amount and timeframe are still in the process of being finalized, knowing that time is of the essence. Once the eligibility is finalized the City will work diligently to file the required reports and documentation to maximize the amount of the refund. The City is currently working with WEX, North Carolina Department of Revenue and the Internal Revenue Service.
3. WEX tax enrollment documentation states that merchant participation is optional, therefore, Finance management will receive transactional information reflecting fuel taxes reported for the non-participating merchants for follow-up on refunds based on State and Federal guidelines; whereas, the State is applied for monthly and Federal is applied for annually. Furthermore, Finance staff will periodically record a receivable to reflect and aide in the reconciliation process of reimbursements due to the City.

Responsible Party: Jody Picarella, Accounting Manager

Implementation Date: September 1, 2019

Finding 2

Fraud, waste and abuse potentially existed due to lack of internal controls.

Given the poor internal controls, the high number of users and the poor oversight, there is a high probability fraud has occurred. Additionally, the very lack of controls makes it almost impossible for Internal Audit to determine the extent of any such fraud.

Internal Audit noted breakdowns in all elements of the control system. Examples include: (1) fuel cards not used for assigned vehicle, (2) PINs appeared to not be used solely by personnel it was assigned, (3) odometer readings not consistent, and (4) the Police Department "Special Investigations" fuel cards were not auditable because fuel cards were assigned to an individual and not a vehicle which could lead to multiple transactions within a short period of time. Interviews conducted by Internal Audit revealed Police Department fuel cards were maintained and used to purchase fuel for vehicles other than the assigned vehicle.

Validating fuel card transactions for legitimate City purposes.

Based on review of Police and Fire Department personnel time cards and fuel card transactions reflecting personnel's assigned PIN, fuel card purchases could not be validated to ensure the fuel purchases were for legitimate City purposes.

Controls over establishing unique personal identification number (PIN) to prevent misuse.

A PIN was set up in the WEX online system for Police Department personnel authorized to purchase fuel. The PIN used is not confidential; whereas, personnel use the number on various forms and documents throughout the Police Department.

The Fire Department allowed the WEX online system to automatically generate a unique PIN for Fire Department personnel to use with fuel cards. However, the Fire Department issued the PIN during the Fire Academy, but Fire Department personnel are not authorized to immediately operate engines and apparatus until a certain driving level is reached through continued training.

Security of fuel cards.

Police and Fire Department active fuel cards did not appear to be in secured locations. During the active fuel card inventories, Internal Audit noted fuel cards stored in various locations within the vehicles and apparatus, to include fuel cards not being removed when turning vehicles in for servicing.

Lack of policies, procedures, and training over the WEX fuel card program fostered an environment for fraudulent activity. By not establishing expectations of personnel utilizing fuel cards, interpretation was left to the card user. Minimal oversight of the WEX fuel card system also lead to questionable transactions in which Internal Audit was unable to validate.

There is potential for financial loss to the City of Fayetteville if these observations are not corrected. Review and oversight of transactions within the WEX fuel card program will provide greater assurance that the risk of fraud is minimal. Securing fuel cards and using unique PINs would help to mitigate the risk of additional fraud that could potentially go undetected. Additionally, by not providing a secured location for fuel cards, risk of loss of the card is heightened and could lead to misuse of fuel cards or fraud.

Recommendation

1. Internal Audit recommends management of the Police and Fire Departments implement the recommendations as presented in the audit report to ensure internal controls are established, followed, maintained, and properly documented to include a process to ensure adequate follow-up regarding questionable fueling transactions is conducted.
2. Management within the Police Department should consider changing the currently assigned WEX PINs to a confidential PIN.
3. Management should ensure WEX fuel card PINs are only assigned to personnel with the ability and need to use the fuel cards.
4. Assessment of a secure location in Police and Fire vehicles and equipment should be completed to determine the safest location for fuel cards to be maintained. Policies should note suitable places to store the fuel card in City owned vehicles and equipment.

Management's Response:

Police Department:

Management concurs with reservations. Implementation of a City policy will be established and the overall procedures for the police department are presently being evaluated to ensure best practice and accountability. Verifying if the "Pins" are operationally able to be changed and reassigned will be a part of that evaluation. Determining a "secure" location within the vehicles may be a challenge and will need to be determined. This will be recommended but likely monitored with daily accountability measures. Locations for fueling will also be evaluated by management.

Responsible Party: Assistant Chief Anthony Kelly

Implementation Date: September 1, 2019

Fire Department:

The department management concurs with recommendation #1 and is in full agreement with the three (3) improvement opportunities (#1, 3 and 4) listed applicable to the Fire Department. The department's current business practices are aligned with the recommended improvement opportunities; however these are not codified in policy or other written guidance documents. The department is of the position that there was no evidence found to indicate any fraud has been committed, nor has suspicion be raised that indicates any fraudulent activity with any of the WEX Fuel Cards assigned to the Fire/Emergency Management Department. The department acknowledges there is a lack of internal control measures that inhibits the detection of potential fraudulent activity. The department will assist with policy development that addresses the concerns raised with the audit findings including, but limited to, responsible and frugal use of the department's fuel budget. It is an operational necessity that all fire department employees be issued a fueling Personal Identification Number (PIN), as all employees are required and subject to drive/operate department owned vehicles. To address fuel card security, the department has placed lock boxes in most of the apparatus and are currently researching options to secure fuel cards in staff vehicles.

Responsible Party: Assistant Fire Chief Kevin Morgan

Implementation Date: September 1, 2019

Finding 3

City-wide and/or departmental written policies and procedures governing fuel card usage and management were not documented.

Policies and procedures are a component of administrative controls and are necessary to ensure sound business practices when managing a city-wide program. Clearly written, readily-available policies and procedures provide accountability for new and experienced personnel. Formal policies can clearly make the connection between procedures and how they support an organization's goals and strategic plan. Written procedures can be an important resource in training new personnel and providing performance expectations.

Establishing policies and procedures to govern the WEX fuel card program.

Based on Internal Audit inquiry, there were no written policies or procedures, either city-wide or departmental, governing the WEX fuel card program.

Use of WEX fuel card PIN after end of employment with City.

Internal Audit compared JD Edwards personnel records against WEX fuel card transactions for calendar year 2018 and noted:

- 60 Police Department personnel ended employment with the City. Internal Audit tested to ensure fuel card purchases were not made using the PIN after the end date of employment. Internal Audit found no instances of purchases; and
- 17 Fire Department personnel ended employment with the City. The PIN assigned to two (12%) of the 17 had been used; whereas, it appeared fuel purchases were made after the end date of employment.

Active drivers (PIN) authorization to use WEX fuel cards after end of employment with City.

The active driver listing from the WEX fueling system was compared against JD Edwards personnel records to determine if personnel that ended employment with the City of Fayetteville were reflected as active drivers and had an active PIN. The following were the observations:

- 24 (5%) of the 511 Police Department active drivers had ended employment with the City; and
- 4 (1%) of the 328 Fire Department active drivers had ended employment with the City.

During the implementation of the WEX fuel card program in 2014, a comprehensive set of policies and procedures were not established to provide guidance that addresses key controls and procedures, to include specifying the authority and conditions for issuance, monitoring and deactivating fuel cards and assigned PINs.

There is an increased risk of intentional misuse, errors, or other irregularities occurring in the City fuel card program given the lack of comprehensive city-wide and/or departmental policies and procedures. The lack of written policies and procedures can create difficulties for an organization's cost effectiveness, service consistency, accountability and decision-making. Additionally, without explicit written policies and procedures, personnel may not clearly understand their responsibilities within the department.

Recommendation

1. Develop written city-wide and departmental policies and procedures for using WEX fuel cards, to include identifying the City administrator of the WEX fuel card program. These policies and procedures should address the City administrator and user department responsibilities, as well as operational guidance.
2. Ensure user departments are provided copies of the city-wide policies and procedures and are requested to comply and develop internal procedures for fuel cards. Training should be given to personnel that use WEX fuel cards to ensure understanding and adherence to the policies and procedures.
3. A process should be developed to ensure when personnel are no longer employed with the City, their WEX fuel card PIN number is deactivated immediately after their last day of employment.
4. Sharing PIN's should be considered a violation of policy.

Management's Response:

Police Department:

Management Concur. Departmental Procedures are being evaluated for best practices and will ensure they are in compliance with City-Wide policy.

Responsible Party: Chief Gina V. Hawkins and Chief Financial Officer Jay Toland

Implementation Date: September 1, 2019

Fire Department:

The department management concurs with recommendation #2 and is in full agreement with the four (4) improvement opportunities listed. The department's current business practices are aligned with the recommended improvement opportunities; however these are not codified in policy or other written guidance documents. The department management is receptive to oversight by an overarching City of Fayetteville (COF) policy governing the administration of the WEX Fuel Card program. Additionally, the department will develop and implement an internal Standard Operating Guideline that compliments the COF policy and addresses operational procedures needed to ensure business continuity. These documents will clarify responsibilities, stipulate training and define the process of issuing, terminating and ensuring security of Personal Identification Numbers (PIN).

Responsible Party: Assistant Fire Chief Kevin Morgan and Chief Financial Officer Jay Toland

Implementation Date: September 1, 2019

Finding 4

Departmental management should perform an appropriate level of review.

Police and Fire Department management are responsible for reviewing fuel transactions on the monthly Wright Express (WEX) fuel credit card statements for reasonableness. Additionally, management should simultaneously review the fuel card transactions at the City's fuel sites to determine if personnel obtain fuel using a WEX fuel card and a City fuel pump within a short period of time. Fuel card users were not required to maintain or submit receipts of fuel card transactions to departmental management.

Multiple transactions noted.

While there may have been legitimate reasons in some cases to have multiple transactions as identified, the large number of multiple transactions would indicate an issue that should have been investigated by those responsible to oversee the transactions.

1. The Police Department reflected 2,168 (9.5%) multiple transactions of the 22,896 total transactions. The breakdown for fuel purchased twice or more within an hour is as follows:
 - a. Multiple transactions with same PIN, on same day using the same fuel card. (1,675 in total)
 - i. 353 (21%) of the 1,675 transactions were noted where personnel (based on PIN - does not take into account sharing PINs) purchased fuel twice or more within an hour using the same fuel card.
 - b. Multiple transactions with a different PIN, on the same day with same fuel card. (493 in total)
 - i. 243 (49%) of the 493 transactions were noted where the same fuel card was used two or more times during the same day within an hour by different personnel (based on PIN - does not take into account sharing PINs).
2. The Fire Department reflected 242 (5%) multiple transaction of the 5,328 total transactions. The breakdown for fuel purchased twice or more within an hour is as follows:
 - a. Multiple transactions with same PIN, on same day with same fuel card. (180 in total)
 - i. 126 (70%) of the 180 transactions were noted where personnel (based on PIN - does not take into account sharing of PINs) purchased fuel twice or more within an hour using the same fuel card.
 - b. Multiple transaction with a different PIN, on the same day with same fuel card. (62 in total)
 - i. 4 (6%) of the 62 transactions were noted where the same fuel card was used two or more times during the same day within an hour by different personnel (based on PIN - does not take into account sharing of PINs).

Inappropriate use of fuel cards (sharing fuel cards).

Currently there are no documented operating procedures for monitoring unusual transactions and reviewing reports for errors. Without an appropriate level of management review, unusual fueling transactions and errors may go unnoticed.

Every Police and Fire Department vehicle and apparatus was issued a fuel card. In addition, fuel cards were issued to some equipment (ATV and boats) and spare cards, to include miscellaneous fuel cards issued to each Fire Station. Based on Internal Audit's analysis, it appeared fuel purchases were not monitored by the Police or Fire Departments. Although evidence could not be provided, Internal Audit was advised by Police and Fire Department personnel of instances where a fuel card was used to fuel several vehicles, and where fuel was pumped into the vehicle's tank as well as into a separate fuel container.

Additionally, Internal Audit reviewed the WEX, City and PWC fuel transactions for the vehicles associated with the selected fuel cards and noted instances in which the fuel card and PWC and/or City sites were used on the same day. In most instances the personnel, who appeared to have used the vehicle at the time the transactions was made, were questioned to determine why there were two transactions on that day.

However, Internal Audit could not validate all the reasons personnel provided as to why the fuel card and PWC and/or City pump were used on the same day.

Odometer variances.

The WEX fueling system requires users to enter an odometer reading for each fueling transaction. The odometer reading is used to track miles-per-gallon, assess vehicle utilization and monitor abuse. Odometer entries made at the point of purchase provide a significant source of information that can be analyzed to determine if the City's fuel purchase activity is appropriate and fuel consumption is reasonable.

There was no monitoring of the odometer readings within the WEX fuel card program by Police or Fire Department management. Internal Audit noted on some fuel card purchases an incorrect odometer reading was entered; as evidenced by a decrease in odometer reading from one fuel purchase to the next. In other instances, a fictitious number was entered.

Internal Audit did not include an examination of the odometer readings.

Review and approvals of fuel card transactions.

Documentation to support fuel card purchases was not available for the Police or Fire Departments. Currently, receipts are not required to be retained and fuel card purchases are not reviewed or approved by either the fuel card user or the supervisor.

Fuel type discrepancies.

There were 1,611 Police Department transactions where higher grade fuel was purchased with transaction dates between January 1, 2018 and December 31, 2018, totaling \$54,281.78 for 18,628.21 gallons with an average per gallon rate of \$3.1717 including taxes and \$2.5953 excluding taxes and reflecting a rebate deduction of \$778.38. Based on the average per gallon rate for regular unleaded of \$1.9353, which is \$.66 a gallon less than the average cost of the several types of premium fuel purchased, the additional costs for the higher grade of fuel for the City was \$12,294.66.

There were 54 Fire Department transactions where higher grade fuel was purchased with transaction dates between January 26, 2018 and December 27, 2018, totaling \$1,890.92 for 626.25 gallons with an average per gallon rate of \$3.10 including taxes and \$2.489 excluding taxes and reflecting a rebate deduction of \$28.599. Based on the average per gallon rate for regular unleaded of \$2.0675, which is \$.4219 a gallon less than the average cost of the premium fuel purchased, the additional costs for the higher grade of fuel the City was \$264.21.

During the implementation of the WEX fuel card program in 2014 a comprehensive set of policies and procedures were not established to provide guidance addressing key controls and procedures, to include specifying management oversight of fuel consumption of vehicles and equipment and monitoring use of fuel cards.

Without proper monitoring and internal controls in place, it is difficult to determine whether fuel is being used for legitimate business purposes. In addition, the absence of odometer reading entries on the fuel purchases prevented Internal Audit from fully evaluating the legitimacy of the transactions. Internal Audit's review identified a significant number of transactions that should have been questioned by management. Due to the volume of questionable transactions, Internal Audit did not have the resources to review each instance. However, Internal Audit provided additional information regarding questionable observations to the Police Department for review and follow-up with Internal Audit. Allowing personnel to use fuel cards to fuel other vehicles and containers defeated the purpose of maintaining one fuel card for each vehicle.

Recommendation

1. Management should ensure fuel consumption of each vehicle and personnel are monitored and reviewed and any abnormalities in fuel consumption, to include purchases of higher grade fuel, is

investigated. Additionally, trend analysis should be performed to identify and justify increases/decreases in monthly fuel consumption.

2. Based on the type of apparatus/vehicle, management should establish a mechanism to track miles per gallon, assess vehicle utilization and monitor potential abuse.
3. Although the WEX system allows fuel card controls, establishment of a process to review for exceptions is recommended.

Management's Response:

Police Department:

Management concurs. This will be included with the City-wide policy and departmental procedure.

Responsible Party: Chief Gina V. Hawkins and Chief Financial Officer Jay Toland

Implementation Date: September 1, 2019

Fire Department:

The department management concurs with recommendation #3 and is in full agreement with the three (3) improvement opportunities listed. The department's current business practices are aligned with the recommended improvement opportunities; however these are not codified in policy or other written guidance documents. Improvement Opportunity #2 references using odometer readings to track miles per gallon, which may prove to be problematic with fire apparatus. A considerable amount of engine run time of fire apparatus occurs when the vehicle is stationary on emergency incident scenes. The department will explore feasibility of monitoring engine operating hours for pumping apparatus. The department is also exploring the feasibility of tracking fueling activities within its current Records Management System (RMS). It is theorized that refueling can be entered as an activity, including pertinent details such as gallons purchased, amount charged, the employee completing transaction, etc. A reconciliation report from the department's RMS may be available for comparison to the monthly WEX report. This will also afford drivers the opportunity to document and memorialize customary discrepancies that inaccurately appear malicious such as multiple transactions in close proximity due to fueling being interrupted by emergency calls, malfunctions of the fuel pumps, purchasing multiple fuel types simultaneously for the varied power equipment carried of fire apparatus, etc. This process will be defined in the department's Standard Operating Guideline if implemented.

Responsible Party: Assistant Fire Chief Kevin Morgan

Implementation Date: July 1, 2019

Finding 5

WEX fuel cards were not inventoried and could not be located.

Adequate oversight and appropriate controls are critical in safeguarding the completeness of the WEX fuel card population. Established inventories on a scheduled basis would assist in accounting for all fuel cards. These established inventories would also assist in correcting any duplicate fuel cards or fuel cards assigned to vehicles no longer in service with the City.

Frequent or random inventories were not conducted.

There were no inventories conducted on the Police Department WEX fuel cards.

Fire Department apparatus (fire engines, trucks, emergency vehicles, ATV's and boats) were required to be inventoried daily, and an inventory sheet was completed and maintained. However, no fuel card inventory was conducted on Fire Department administrative vehicles. Internal Audit selected a 10% sample of Fire Department apparatus for existence testing to ensure an inventory was conducted. Internal Audit concluded only one vehicle had a WEX card inventory for all days tested.

Active fuel cards reflecting transactions were unaccounted for during existence testing.

Internal Audit selected a 10% sample of Police Department vehicles for existence testing to ensure the fuel card existed and was maintained in the assigned vehicle. Internal Audit concluded:

- Active fuel cards were missing from vehicles when vehicles were assigned to personnel;
- Personnel used fuel cards assigned to different vehicles, and the assigned active fuel card was not available;
- Active fuel cards assigned to vehicles located at PWC for maintenance or surplus reasons could not be inventoried; and
- An active fuel card could not be located during Internal Audit testing, but the terminated fuel card for the vehicle was being maintained and inventoried by Internal Audit.

Internal Audit selected a 10% sample of Fire Department vehicles and apparatus for existence testing to ensure the fuel card existed and was maintained in the assigned vehicle or apparatus. Internal Audit concluded all sampled active fuel cards were maintained with the identified vehicle or apparatus.

Active fuels card reflecting NO transactions were unaccounted for during existence testing.

Internal Audit determined the Police Department had 75 active fuel cards that did not reflect charges for the calendar year 2018. Existence testing was performed, and Internal Audit concluded 21 (68%) of the 31 sampled active fuel cards could not be located.

Internal Audit determined the Fire Department had six active fuel cards that did not reflect charges for the calendar year 2018. Existence testing was performed, and Internal Audit concluded one (17%) of the six sampled active fuel cards could not be located.

Fuel cards remained active for disposed/surplus vehicles and equipment.

Internal Audit determined the Police Department had three active fuel cards assigned to surplus/disposed vehicles being used to obtain fuel.

Internal Audit determined the Fire Department did not have any active fuel cards assigned to surplus/disposed vehicles being used to obtain fuel.

Vehicles were assigned multiple active fuel cards.

Internal Audit was advised during the Police Department entrance meeting, when fuel cards are issued in the WEX online system, the system automatically terminates the lost card. However, based on Internal Audit review of the active fuel card listing, Internal Audit noted five vehicles with two active fuel cards issued for each vehicle.

The Fire Department did not have multiple fuel cards assigned to apparatus and vehicles.

During the implementation of the WEX fuel card program in 2014 a comprehensive set of policies and procedures were not established to provide guidance addressing key controls and procedures, to include

requiring an annual inventory of fuel cards, and monitoring and deactivating fuel cards. Without a master inventory listing of fuel cards, there is an increased risk that City assets may be misused.

Recommendation

Internal Audit recommends the Police and Fire Departments implement a fuel card inventory process. At a minimum, the following should be performed:

1. Require an annual physical verification of all fuel cards, as evidenced by signature and date of the personnel conducting the inventory and the cardholder assigned to the vehicle;
2. Unaccounted for fuel cards should be deactivated immediately;
3. Management should develop and maintain a listing of vehicles and the fuel cards assigned, to include spare and miscellaneous fuel cards;
4. Management should ensure cancellation of fuel cards due to disposal/surplus is completed on a timely basis and are followed-up to ensure they are deactivated;
5. Establish a process in which fuel cards without activity for a given period of time are deactivated; and
6. The Police Department should immediately complete a physical inventory of all WEX fuel cards to ensure existence and immediately deactivate all fuel cards not located.

Management's Response:

Police Department:

Management concurs. This will occur with the development of the departmental procedure as well as evaluating the best practice for the future.

Responsible Party: Assistant Chief Anthony Kelly

Implementation Date: September 1, 2019

Fire Department:

The department management concurs with recommendation #4 and is in full agreement with the five (5) improvement opportunities (#1 through 5) listed applicable to the Fire Department. The department's current business practices are aligned with the recommended improvement opportunities; however these are not codified in policy or other written guidance documents. These suggestions will be incorporated into the recommended COF policy and/or FFD Standard Operating Guideline as applicable.

Responsible Party: Assistant Fire Chief Kevin Morgan

Implementation Date: September 1, 2019

Finding 6

Internal controls were lacking in the City's WEX fuel card online program.

Effective internal controls require assets are periodically reconciled with authorizations and issuances; resources received are recorded and periodically inventoried to ensure they are used as intended by management; and assets are safeguarded and restricted access is in accordance with management policy.

Fuel card controls within the WEX online system needed to be improved to prevent misuse.

Internal Audit could not determine if WEX fuel card control profiles were complete for the combined 615 Police and Fire Department active WEX fuel cards used during the calendar year 2018.

Based on Internal Audit walkthrough of the WEX fuel card online system and the review of the convenience contract with the State of North Carolina, fuel card profiles can be set up within the WEX system to limit: dollar limit per transaction (by vehicle), dollar limit per billing period (by agency, subdivision), number of transactions per day, gallons limit per day, fuel capacity, purchases restricted to fuel only and gallons limit per transaction.

The WEX fuel card program was established out of necessity based on the distance to the City and PWC fuel sites. However, policies, procedures and internal controls were not established to provide guidance on the use of the WEX fuel cards and to detect and prevent fraud, waste and abuse.

Without proper monitoring and internal controls in place, it is difficult to determine whether fuel is being used for legitimate business purposes. Fraud, waste and abuse could exist and without proper controls in place could remain undetected.

Recommendation

Management should utilize the controls within the WEX fuel card online system when possible, and when not possible, alternative controls should be put in place to detect exceptions.

Management's Response:

Police Department:

Management concurs. The existing controls will be evaluated to determine which thresholds need to be increased.

Responsible Party: Assistant Chief Anthony Kelly

Implementation Date: September 1, 2019

Fire Department:

The department management concurs with recommendation #5 and is in full agreement with the recommendation. The department will restrict the ability to purchase only the fuel type used by the vehicle where possible. The department currently allows the purchase of non-fuel items (i.e. motor oil, DEF fluid, transmission fluid, etc.) with the WEX program, however data shows this has only been employed twice since implementation. Due to the limited need demonstrated, the department will restrict fuel cards to fuel purchases only.

Responsible Party: Office Manager Bobbie Bethea

Implementation Date: July 1, 2019

Finding 7

Segregation of duties over WEX fuel cards administration and system access were lacking.

Proper segregation of duties at the most basic level means no single individual should have control over two or more phases of a transaction or operation.

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."

Based on Internal Audit inquiry, one Fire Department personnel and two Police Department personnel were assigned the duties and responsibilities related to fuel card set-up, account changes and cancellation. These departmental personnel could request new fuel cards, submit requests to WEX for any account changes, and request cancellations for lost cards or when personnel terminate from City employment. All three personnel also had a WEX PIN and access to WEX fuel cards.

Lack of understanding around best practices contributed to there being a single owner for all processes in the respective departments. When the system was implemented in 2014, the respective departments were given responsibility of all aspects of the WEX fuel card program without an independent city-wide administrator to provide oversight to ensure segregation of duties.

A lack of segregation of duties compromises the integrity of information, permits errors and omissions to go uncorrected, and opens the opportunity for possible fraudulent activity. This lack of segregation also fosters an environment in which manipulation of the data could lead to instances in which fraud, waste, and abuse go undetected.

Recommendation

Internal Audit recommends WEX fuel card administration responsibilities be reassigned in order to achieve an effective separation.

Management's Response:

Police Department:

Management Concur

Responsible Party: Chief Gina V. Hawkins and Chief Financial Officer Jay Toland

Implementation Date: September 1, 2019

Fire Department:

The department management concurs with recommendation #6 and is in full agreement with the recommendation. The department management suggest the WEX program be administered by the City of Fayetteville (COF) Finance Office, utilizing similar internal controls that are applied to the COF Procurement Card Program. The department will develop and implement a standard operating guideline that compliments the COF WEX policy and delineates responsibility of operational functions to a department level as appropriate. The department will further separate operational and reconciliatory responsibilities respectively between the logistics division supervisor and the Office Manager as a measure of segregation of duties.

Responsible Party: Chief Financial Officer Jay Toland

Implementation Date: September 1, 2019

Finding 8

Training and accountability were not required.

When personnel begin employment with the City of Fayetteville Police or Fire Department, initial training should be completed for personnel to have an accurate understanding of the expectations for use of the WEX fuel card. Information such as appropriate use and applicable policies should be presented to new personnel prior to receiving their PINs as well as acknowledgement of receipt of that information.

Documented training was not provided. The guidance provided to Police and Fire Department personnel was verbal, and fuel card users were not required to sign a fuel card usage agreement or acknowledgement of the authorized uses as it related to the WEX fuel card program.

Due to the lack of policies and procedures for this process in the City, there have been no established guidelines in order to determine the expectations for the WEX fuel card program.

By not having an appropriate understanding of what is expected when using the WEX fuel card, personnel use the fuel card rather than using City fuel sites, share fuel cards, and do not properly secure fuel cards when left in the vehicle or equipment.

Recommendation

Management should ensure personnel sign a fuel usage agreement that details the terms and conditions on the proper use of the fuel card prior to issuing fuel cards.

Management's Response:

Police Department:

Management concurs. This will be a part of the overall departmental training of the City-wide policy.

Responsible Party: Assistant Chief Anthony Kelly

Implementation Date: September 1, 2019

Fire Department:

The department management concurs with recommendation #7 and is in full agreement with the recommendation. This process should be described in the City of Fayetteville WEX Policy and enforced by the department. This recommendation will be facilitated through use of Power DMS.

Responsible Party: Chief Financial Officer Jay Toland

Implementation Date: September 1, 2019

Finding 9

Fraudulent use of WEX fuel card occurred.

During the period December 28, 2017 through February 4, 2018, a personal identification number (PIN) assigned to Police Department personnel was used 74 times throughout the continental United States using a Police Department WEX fuel card number with total costs of \$5,658.26. These questionable purchases totaled 1,949.528 gallons of fuel, of which 187.382 gallons of unleaded and 1,762.146 gallons of diesel totaling \$5,548.34. Additionally, \$109.92 for diesel exhaust fluid was noted.

Police Department management did not file a report with WEX disputing the transactions nor was a Police report filed or an investigation conducted. This instance of fraud did not appear to be the first occurrence; whereas, in July 2017 a similar instance of fraud totaling \$10,285.19 was investigated by the Police Department and reported to WEX. Based on Internal Audit inquiry, the City of Fayetteville did not recover the loss from the two instances of fraud totaling \$15,943.45.

Management is responsible for ensuring that established internal controls are followed, maintained, and properly documented. An effective internal control system provides reasonable assurance for the safeguarding of assets, for compliance with established policies and procedures, and that business objectives are met.

The lack of effective controls and the ineffectiveness of management review caused an environment conducive for fraudulent activities that could ultimately cause an increase fuel expenditures.

Recommendation

Internal Audit recommends the Police Department implement the recommendations as previously presented in the above findings to ensure internal controls are established, followed, maintained, and properly documented to include a process to ensure adequate follow-up regarding questionable fueling transactions.

Management's Response:

Police Department:

Management concurs. The evaluation of the entire process will include clear internal controls and documented accountability of the process.

Responsible Party: Chief Gina V. Hawkins

Implementation Date: September 1, 2019

CONCLUSION

Internal Audit has concluded work on the audit of the WEX fuel card program for the Police and Fire Departments. Based on Internal Audit's review, the internal controls surrounding the fuel usage and management processes require significant improvements in order to provide reasonable assurance that the respective departments are adequately managing the consumption of fuel and to satisfy the audit objectives. In particular, written policies and procedures should be established, followed and provide for monitoring of fuel card consumptions by the Police and Fire Departments to ensure City funds are safeguarded. The implementation of the audit recommendations should improve the control environment of the WEX fuel card program.

Although the management responses are included in the audit report, Internal Audit does not take responsibility for the sufficiency of these responses or the effective implementation of any corrective actions.

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

Abby Cerniglia
Internal Auditor

Distribution:

Audit Committee
Douglas J. Hewett, City Manager
Telly Whitfield, Ph.D., Assistant City Manager
Gina Hawkins, Chief of Police
Michael Hill, Interim Fire Chief
Jay Toland, Chief Financial Officer



MEMORANDUM

April 25, 2019

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 Development Services; Parks, Recreation and Maintenance; Public Services; Finance and Police Departments have been requested to attend.

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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018 - 2019 (3rd Quarter)

<u>Audit Title</u>	<u>Date Released</u>		<u>Accepted</u>	<u>Implemented</u>	<u>Recommendations</u>	
					<u>Implemented</u>	<u>Partially Implemented</u>
Permitting and Inspections A2016-02	October 2016	35	35	34	1	0
Contract Practices and Procedures A2016-06	October 2017	3	3	0	3	0
Evidence and Property Management A2018-01	June 2018	37	36	4	4	28
Performances Measures A2018-04	January 2019	4	4	4	0	0
PRM Nonresident Fees A2016-05	January 2019	7	7	1	2	4

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (3rd Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – April 25, 2019	Management Follow-up Response – January 24, 2019

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>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>Implementation Date: 10/1/2018</p>	<p>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>Implementation Date: 10/1/2018</p>
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Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (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>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>Implementation Date: 10/1/2018</p>	<p>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>Implementation Date: 10/1/2018</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>		
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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	<p>Implemented</p> <p>Our current operating practices have been revised and a department-specific records policy has been developed.</p>	<p>Implemented</p> <p>Our current operating practices have been revised and a department-specific records policy has been developed.</p>

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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>Implementation Date: 10/1/2018</p>	<p>Implementation Date: 10/1/2018</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 Permitting and Inspection and the Planning Services and Code	The NC Building Code must be interpreted by someone certified to perform such interpretations, but this training may not qualify the individual to manage the enforcement of City codes	<p>Implemented</p> <p>As of 8/31/2017, this recommendation has been fully implemented.</p>	<p>Implemented</p> <p>As of 8/31/2017, this recommendation has been fully implemented.</p>

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A2016-02 Permitting and Inspections

	<p>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>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 recommendation is anticipated to be completed in early 2017 with the</p>		
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A2016-02 Permitting and Inspections

		<p>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, Building Code, Part II, Article III Enforcement, Section 7-62(a)(1)</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 been developed to provide guidance on when bonds (in general) may be required.</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>

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A2016-02 Permitting and Inspections

	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 compliance.	While report creation is part of the Information Technology Department’s top priorities for Cityworks “fixes,” locking out the report is a customization that will require additional funding to complete. Information Technology has completed the process of watermarking the reports in question with a watermark that says INVALID if the report is printed before all the required inspections, payments, or documents are completed. <i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another</i>	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.	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.

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A2016-02 Permitting and Inspections				
		<p><i>PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 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 requirements for the issuance of Certificate of Compliance for	<p>Implemented</p> <p>While this recommendation was implemented by verification with the North Carolina Department of Insurance, the recent organizational change has led us to re-examine the issuance of C/O's and other types of occupancy allowances.</p> <p>Internal policies have been developed and re-designed to</p>	<p>Implemented</p> <p>While this recommendation was implemented by verification with the North Carolina Department of Insurance, the recent organizational change has led us to re-examine the issuance of C/O's and other types of occupancy allowances.</p> <p>Internal policies have been developed and re-designed to</p>

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A2016-02 Permitting and Inspections				
		<p>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>incorporate the revised development process and system.</p> <p>Completion Date: 10/1/2018</p>	<p>incorporate the revised development process and system.</p> <p>Completion Date: 10/1/2018</p>
8	Update enforcement actions within Fayetteville City Code to ensure contractors comply with the North Carolina State Building Code.	<p>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> <p>Implementation Date: 4/30/2017</p>	<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

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
		Responsible Party: Planning and Code Enforcement Director		
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 process to determine key personnel who will have the ability to override the Cityworks system</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 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><i>While most of the sub-findings within this category have been resolved, the following items are considered partially implemented:</i></p> <p><i>9-3: The Permitting and Inspection Division continues to work through the inspector scheduling, so all requested inspections called in by 4:30 PM will be inspected the following day. On building inspections, calls in by 8:30 AM continue to receive same day service. Permitting continues to create the schedule coordinating the inspections and trades with other software. IT continues to design a system in CityWorks. The process in place creates no delays for projects within the city.</i></p>	<p style="text-align: center;">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>9-3: The scheduling function of Cityworks is being integrated with the development of the online Cityworks Portal. The completion of the portal is essential before the the scheduling feature could be implemented</p> <p style="text-align: center;">Revised Implementation Date: 1/30/2019</p>

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A2016-02 Permitting and Inspections

	<p>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 Permitting and Inspections personnel read and understand the City of Fayetteville Policy # 114</p>	<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: Senior Administrative Assistant (for Permitting); Building Official (for Inspections); PCE Director (for code changes); Information Technology Director; Assistant and Deputy City Manager</p>	<p>Revised Implementation Date: 1/30/2019</p>	
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A2016-02 Permitting and Inspections				
	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 Senior Administrative Assistant will also conduct monthly reviews of the cash drawers by randomly	Implemented Our Work Quality Review Policy has been 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: 10/1/2018	Implemented Our Work Quality Review Policy has been 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: 10/1/2018

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A2016-02 Permitting and Inspections

		<p>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> <p><i>As it relates to the deficiencies that address the Cityworks PLL</i></p>		
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A2016-02 Permitting and Inspections				
		<p><i>software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 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 performance goals and service standards. Permitting and Inspections management should	The Building Official is working with Information Technology's project manager and our Cityworks vendors to develop an accurate and efficient system for gathering reporting information. This	Implemented The department has created a policy to define what our data is, how we track our data, and how we use the data for	Implemented The department has created a policy to define what our data is, how we track our data, and how we use the data for

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A2016-02 Permitting and Inspections

	<p>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>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 continue implementation and refinement efforts or seek another PLL solution. Until the assessment</i></p>	<p>performance measurement.</p> <p>Implementation Date: 10/1/2018</p>	<p>performance measurement.</p> <p>Implementation Date: 10/1/2018</p>
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	Recommendation	Management Response	Management Follow-up Response – April 25, 2019	Management Follow-up Response – January 24, 2019
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: 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’ considered necessary.	<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 continue implementation and refinement efforts or seek another PLL solution. Until the assessment</i></p>	<p>Implemented</p> <p>Items from the 2015 Cityworks upgrade have been repaired. Additional processes (such as the creation of a test environment and regression testing) have been developed to gauge and minimize the impacts of any future upgrades. A policy is being developed that is specific to Development Services concerning the calculation of fees and the</p>	<p>Implemented</p> <p>Items from the 2015 Cityworks upgrade have been repaired. Additional processes (such as the creation of a test environment and regression testing) have been developed to gauge and minimize the impacts of any future upgrades. A policy is being developed that is specific to Development Services concerning the calculation of fees and the</p>

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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: IT Project Manager</p>	<p>integrity of data (as discussed in finding 11).</p> <p>Implementation Date: 10/1/2018</p>	<p>integrity of data (as discussed in finding 11).</p> <p>Implementation Date: 10/1/2018</p>
13	<p>While inspector training may be driven by certification requirements, non-inspector personnel training needs are not. Conduct a personnel training assessment and develop or provide training opportunities to meet the needs identified. Permitting and Inspections management should dedicate the appropriate resources and time to ensure proper training for department personnel. An important part of any training program includes basic product knowledge. Each member of the department should be familiar with</p>	<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 inspectors by the Inspections Supervisors. • Periodic non-inspector 	<p>Implemented</p> <p>The department has incorporated internal training to detail training and proficiency expectations.</p> <p>Implementation Date: 10/1/2018</p>	<p>Implemented</p> <p>The department has incorporated internal training to detail training and proficiency expectations.</p> <p>Implementation Date: 10/1/2018</p>

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	<p>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>personnel “ride-alongs” with inspectors to establish familiarity with the practical challenges of construction inspection from the perspective of certified inspectors.</p> <ul style="list-style-type: none"> • Formal training in the administration of construction permitting through the Certified Permit Technician coursework developed by the NC Department of Insurance. • Continuation of prior training in customer service “soft skills” provided by an outside consultant chosen by the Interim Department Director. In the prior training, each staff member was provided an “Inspector Skills” training guide booklet and a study guide questionnaire. Upon completion of the questionnaire, the consultant held employee training of both inspectors and permitting staff on the related materials. • Cityworks-specific training in 		
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		<p>the form of online courses, on-site training, and webinars offered by the software integrator and the software developer.</p> <ul style="list-style-type: none"> • 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 evaluate the current state of Cityworks and make recommendations on whether to</p>		
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		<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: 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 developer to improve standard reports that can be used on an ongoing basis to ensure the	We will perform a comprehensive review of existing policies and procedures and make the necessary adjustments to comply with the purpose and intent of this audit. Reporting will be a component of this initiative. Reporting is part of the Information Technology Department's priority "fix" list. As modifications to the case types, workflows, and data groups are complete, we will be able to develop the necessary reports for	<p>Implemented</p> <p>As discussed in Finding #11, the department has developed 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.</p> <p>Implementation Date: 10/1/2018</p>	<p>Implemented</p> <p>As discussed in Finding #11, the department has developed 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.</p> <p>Implementation Date: 10/1/2018</p>

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	information needed to manage the permitting and inspections processes will be available to those charged with the responsibility.	<p>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>		
15	The Office of Internal Audit recommends Permitting and Inspections management collaborate with all departments	We will coordinate with other departments to establish a program of customer training sessions. There are a variety of existing models to	Implemented The department is currently in deployment of an electronic	Implemented The department is currently in deployment of an electronic

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	<p>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>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 Technology’s project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p>	<p>plan review platform. In development of this platform, we have defined visual workflows that illustrate the development review and permitting process as it relates to the online review and permitting system.</p> <p>Implementation Date: 10/1/2018</p>	<p>plan review platform. In development of this platform, we have defined visual workflows that illustrate the development review and permitting process as it relates to the online review and permitting system.</p> <p>Implementation Date: 10/1/2018</p>
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		<p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Interim Permitting and Inspections Director</p>		
16	<p>The written policies and procedures recommended in Finding 2 should include practices for closing or otherwise terminating permits that have been abandoned past a certain time threshold as such jobs may require the project to comply with newer, safer building codes and would help protect the public safety. Permitting and Inspections management should continue working with the Information Technology Department and the software developer to implement changes that would update a permit status as it is moved through permitting and inspections processes. Once these changes have been completed and thoroughly tested, the impact on historical information that may occur should be assessed before implementing such changes.</p>	<p>The Information Technology Department is currently working on implementing an automated expiration process for permits that have not received an inspection within six months or that exceed the expiration date after issuance of the permit. Until the automation of expiring permits is implemented, the Permit Technicians are able to query a report to manually expire permits, as well as, export an excel report capturing the number of cases that were manually expired per Permit Technician. The Senior Administrative Assistant will draft a written procedure and policies as set forth in the recommendation and for compiling data for performance measuring purposes.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has</i></p>	Implemented	Implemented

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		<p><i>authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 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 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	Cityworks procedure changes are necessary to effectuate compliance with this finding. Permits that have not had an inspection within 6 months will be automatically expired and the status changed to Closed - Expired. An email will be sent to the applicant 30 days prior to the expiration and then again up	<p>Implemented</p> <p>Implemented per last follow-up response.</p>	<p>Implemented</p> <p>Implemented per last follow-up response.</p>

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	<p>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>Permitting and Inspections personnel should ensure compliance with the Fayetteville City Code Chapter 7, Building Code, Part II, Article III</p>	<p>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 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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	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.	<i>discontinued.</i> Implementation Date: 4/30/2017 Responsible Party: IT Project Manager for permit expiration notices; Planning and Code Enforcement Director for changes to City Code.		
18	Permitting and Inspection management should coordinate with the Information Technology Department and/or the software developer to develop controls within Cityworks to verify the correct PIN is present on permit records. Should Cityworks not have this capability, Permitting and Inspections management should develop mitigating controls to ensure the validity of PIN's during the review and approval process for permit applications. In	Cityworks procedure changes are necessary to effectuate compliance with this finding. Permitting and Inspections will require considerable assistance from Information Technology in the testing of Cityworks upgrades. This was an issue that was discussed during a December meeting and there was no clear resolution because the GIS Data that contains the PIN information is provided by Cumberland County	Implemented Implemented per last follow up response	Implemented Implemented per last follow up response

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	<p>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>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 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>		
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		<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: 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 permit application, Fayetteville City Code and the Fee Schedule.	<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>Responsible Party: Building Official</p>	<p>Implemented</p> <p>The department has currently reviewed the fee scheduling and cross-examining it with our permit applications to ensure that all language is consistent, clear, and transparent. This process was concurrent with the implementation of our online Cityworks and idtPlans portal.</p> <p>Implementation Date: 10/1/2018</p>	<p>Implemented</p> <p>The department has currently reviewed the fee scheduling and cross-examining it with our permit applications to ensure that all language is consistent, clear, and transparent. This process was concurrent with the implementation of our online Cityworks and idtPlans portal.</p> <p>Implementation Date: 10/1/2018</p>
20	Permitting and Inspections management should determine if Cityworks has the capability to	<p>There is a lack of integration between the accounting software programs that the City uses that</p>	<p>Implemented</p> <p>The IT department worked with</p>	<p>Implemented</p> <p>The IT department worked with</p>

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	<p>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>In addition, Permitting and Inspections management should develop written policies and procedures to document the process and the importance of</p>	<p>requires manual procedures to reconcile revenues across Cityworks, JDE, and the Point of Sale program. The reconciliation process of this report is completed by the Senior Administrative Assistant and, upon completion of the reconciliation, the Senior Administrative Assistant records her signature and has an employee unassociated with cash handling, approve the reconciliation report. The Senior Administrative Assistant will develop written procedures on the processes of this reconciliation procedure.</p> <p>The Permit Technicians have previously trained on the reset procedures of the Point of Sale cash drawers. A draft procedure on “Reconciliation Cash Drawers” has been prepared for review and approval by the Interim Permitting and Inspections Director. Compliance with these procedures will be included as a performance measure.</p>	<p>the Cityworks developers to ensure that the date of transactions matches the date on other financial software systems.</p> <p>The department developed policies that incorporate the City’s Financial Policies to a department specific level to include the required reconciliation of all financial transactions with the general ledger.</p>	<p>the Cityworks developers to ensure that the date of transactions matches the date on other financial software systems.</p> <p>The department developed policies that incorporate the City’s Financial Policies to a department specific level to include the required reconciliation of all financial transactions with the general ledger.</p>
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	<p>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>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 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.</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>Implemented</p> <p>The department has developed and refined policies that incorporate the City’s Financial Policies to a department specific level.</p>

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		<p>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>		
22	<p>Permitting and Inspections management should require, annually, all personnel who handle cash receipts to read the Cash Handling General Procedures and sign acknowledging receipt and understanding of the procedures.</p> <p>A formal written refund policy to provide guidance and direction on how to process refunds should be developed. In addition, Permitting and Inspections personnel should be trained on these policies.</p> <p>Permitting and Inspections</p>	<p>The Senior Administrative Assistant provided Permit Technicians copies of the city's Cash Handling General Procedures. Each of the technicians received, reviewed, and signed the Cash Handling General Procedures Acknowledgement form. A copy of the Cash Handling General Procedures is readily accessible to the Permit Technicians and such policy will be reviewed and signed on an annual basis as recommended by the Finance Department.</p> <p>The Senior Administrative</p>	<p>Implemented</p> <p>The department has developed and refined policies that incorporate the City's Financial Policies to a department specific level. We have been working with Finance Department staff to adequately develop these procedures that are consistent across department lines.</p> <p>Implementation Date: 10/1/2018</p>	<p>Implemented</p> <p>The department has developed and refined policies that incorporate the City's Financial Policies to a department specific level. We have been working with Finance Department staff to adequately develop these procedures that are consistent across department lines.</p> <p>Implementation Date: 10/1/2018</p>

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	management should ensure quality reviews are done for all cash receipt processes.	<p>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>		
23	Internal Audit recommends Permitting and Inspections personnel responsibilities be reassigned in order to achieve an effective separation between opening the mail and recording transactions. In addition,	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	<p>Implemented</p> <p>The department has developed and refined policies that incorporate the City’s Financial Policies to a department specific level. We have been</p>	<p>Implemented</p> <p>The department has developed and refined policies that incorporate the City’s Financial Policies to a department specific level. We have been</p>

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	<p>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>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>working with Finance Department staff to adequately develop these procedures that are consistent across department lines.</p> <p>Implementation Date: 10/1/18</p>	<p>working with Finance Department staff to adequately develop these procedures that are consistent across department lines.</p> <p>Implementation Date: 10/1/18</p>
24	<p>The Office of Internal Audit recommends Permitting and Inspections management work with the Information Technology Department to establish a process for security of faxed information. 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</p>	<p>The fax machine vendor programmed the Permitting Multi-Functional Device (fax machine) so permit applications received can only be printed by means of entering a security code. Faxes are 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</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: 10/1/2018</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: 10/1/2018</p>

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Fiscal Year 2018-2019 (3rd Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – April 25, 2019	Management Follow-up Response – January 24, 2019

A2016-02 Permitting and Inspections

	<p>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>time the code may be breached, a new security code can be reassigned.</p> <p>The Finance Department provided the Senior Administrative Assistant a copy of the city’s policy #311, Security of Sensitive and Confidential Information and Breach Response Plan. Each technician received, reviewed, and signed the Acknowledge form. The Senior Administrative Assistant also prepared a draft policy of a Security and Confidential Information for review by the Permitting and Inspection Director. Upon review and approval of the policy, the Senior Administrative Assistant will conduct mandatory training to all Permit Technicians within two weeks following adoption. The Senior Administrative Assistant will also conduct quarterly quality reviews of the Security and Confidential Information. Additionally, and in accordance to the Security of</p>		
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A2016-02 Permitting and Inspections

		<p>Sensitive and Confidential Information and Breach Response Plan, the Permit Technicians destroy (shred) faxes that contain confidential financial information following the completion of the issuance process of every permit.</p> <p>Implementation Date: 9/30/2016</p> <p>Responsible Party: Senior Administrative Assistant</p>		
25	<p>Permitting and Inspections management should coordinate with the Information Technology Department and/or the software developer to develop controls within Cityworks to ensure permits are not printed before all pre-permitting requirements are met and the hardcoded status on the permit should read the status within Cityworks.</p> <p>Additionally, Internal Audit recommends the appropriate inspector review all written applications as defined by NCGS</p>	<p>While report creation is part of the Information Technology Department’s top priorities for Cityworks “fixes,” locking out the report is a customization that will require additional funding to complete. IT has completed the process of watermarking the reports in question with a watermark that says INVALID if the report is printed before all the required inspections, payments, or documents are completed.</p> <p>We will coordinate with the Department of Insurance to</p>	<p>Implemented</p> <p>The process-related content of this finding has been addressed,</p> <p>Implementation Date: 10/1/2018</p>	<p>Implemented</p> <p>The process-related content of this finding has been addressed,</p> <p>Implementation Date: 10/1/2018</p>

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A2016-02 Permitting and Inspections

	<p>and Fayetteville City Code, Chapter 7, Article III before a permit is issued.</p>	<p>determine the need for building inspectors to issue trade permits.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 11/30/2016 for the workaround. TBD for the ultimate resolution.</p> <p>Responsible Party: IT Project Manager</p>		
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A2016-02 Permitting and Inspections

26	<p>Internal Audit recommends Permitting and Inspections management review applications, the Fee Schedule and Cityworks, and ensure they are consistent with one another. In addition, Permitting and Inspections management should review all permit applications to ensure all necessary information is required on the applications, applications are clear, and assess whether any unnecessary information should be removed from the applications. Once the applications are updated and made available to the contractors/homeowners, their use should be enforced.</p> <p>In order to be in compliance with North Carolina General Statutes, Inspectors should issue permits. However, prior to permit issuance, Permitting and Inspections personnel should ensure permit applications are completed with all information necessary to calculate fees. If information on the</p>	<p>We will coordinate with the Department of Insurance to determine the need for building inspectors to issue trade permits. Staffing and workload issues may preclude quality control by inspection supervisors without additional resources as has been noted in responses to prior findings. Staff will work with Information Technology to see if exceptions can be identified for quality control purposes. Once these issues are resolved, policies and procedures will be developed and training conducted to ensure subordinate staff adherence to the policies and procedures.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another</i></p>	<p>Implemented</p> <p>The department has reviewed the fee schedule and cross-examined it with our permit applications to ensure that all language is consistent, clear, and transparent.</p> <p>An internal policy has been developed in regards to permit issuance and work-quality review to address the human-related consistency component of permitting.</p> <p>Implementation Date: 10/1/2018</p>	<p>Implemented</p> <p>The department has reviewed the fee schedule and cross-examined it with our permit applications to ensure that all language is consistent, clear, and transparent.</p> <p>An internal policy has been developed in regards to permit issuance and work-quality review to address the human-related consistency component of permitting.</p> <p>Implementation Date: 10/1/2018</p>
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A2016-02 Permitting and Inspections

	<p>application is unclear, Permitting and Inspections personnel should ask the applicant for clarification. Any updated information should be clearly documented for future reference.</p> <p>Permitting and Inspections management should establish a quality review process for the Permitting and Inspections Department. Due to the high volume of applications, the likelihood of finding an exception by spot checking is statistically low. Therefore, when establishing a quality review process, Permitting and Inspections management could consider exception-based reporting from Cityworks which could identify unusual transactions, such as a residential building permit without a homeowner recover fee charged.</p> <p>Policies and procedures should be written to provide clear guidance on accurate and consistent</p>	<p><i>PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Building Official; Senior Administrative Assistant</p>		
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	application of fees. Training should be given to Permitting and Inspections personnel to ensure understanding and adherence to policies and procedures.			
27	<p>Internal Audit recommends the appropriate inspector review all written applications as defined by NCGS and Fayetteville City Code, Chapter 7, Article III before a permit is issued. This review should include the status of the contractor’s license.</p> <p>Additionally, Internal Audit recommends Permitting and Inspections personnel establish and follow written procedures to ensure each contractor’s license is valid when issuing a permit. Since permits expire December 31 each year and become invalid 60 days from that date unless renewed, Permitting and Inspections should establish and follow written procedures to ensure all general contractors with active permits still have valid licenses in March of</p>	<p>The Planning and Code Enforcement Director will review the City Code and propose any modifications that are necessary to modernize and ensure consistency between the City Code, the NC Building Code, and departmental procedures and policies.</p> <p>Management has reached out to the Supervisor of the Code Inspections Section of the Department of Insurance for clarification on inspector issuance of permits. The Permitting and Inspections Department is meeting all requirements for the issuance of trade and building permits in our current practice.</p> <p>Management is currently reviewing the permit fees and the permit applications for all four trades.</p>	<p>Implemented</p> <p>While the process-related component of license review has been implemented, a policy was also revised to incorporate consistent research of contractor’s license within the issuance of permits.</p> <p>In addition, the City Attorney’s Office provided guidance that once the permit has been issued, it is the contractor’s responsibility to maintain his license in accordance with the 2012 North Carolina Administrative Code and Policies Section 204.3.6 which reads <i>“It shall be the duty of every person who contracts for the installation or repair of a building or service system to</i></p>	<p>Implemented</p> <p>While the process-related component of license review has been implemented, a policy was also revised to incorporate consistent research of contractor’s license within the issuance of permits.</p> <p>In addition, the City Attorney’s Office provided guidance that once the permit has been issued, it is the contractor’s responsibility to maintain his license in accordance with the 2012 North Carolina Administrative Code and Policies Section 204.3.6 which reads <i>“It shall be the duty of every person who contracts for the installation or repair of a building or service system to</i></p>

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A2016-02 Permitting and Inspections

	<p>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>Once we have corrected our fee schedule and permit applications, we will write the policy and procedures to make sure the permit is accurately issued and valued.</p> <p>The Permit Technicians are currently following procedures of verifying contractors licenses prior to the issuance of permits. The Senior Administrative Assistant will draft a policy and procedures to ensure that this process is being validated. The Senior Administrative Assistant will complete monthly random quality control checks to ensure that this recommendation is followed through.</p> <p>In speaking with the North Carolina Licensing Board for General Contractors, they are looking into developing a Webservice with which we would be able to programmatically interface with in order to validate the contractor in real time. At this time there is no</p>	<p><i>comply with State or local rules and regulations concerning licensing.”</i></p> <p>Implementation Date: 10/1/2018</p>	<p><i>comply with State or local rules and regulations concerning licensing.”</i></p> <p>Implementation Date: 10/1/2018</p>
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		<p>ETA for the availability of this Webservice. Such an arrangement with other trades is being explored. Currently Information Technology has investigated other methods of automatically validating the Contractor License, however, there would be additional funding needed to do this.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p>		
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		<p>Implementation Date: 9/30/2017</p> <p>Responsible Party: Planning and Code Enforcement Director (code changes); Senior Administrative Assistant (procedures)</p>		
28	<p>Permitting and Inspections management should coordinate with the Information Technology Department and/or the software developer to develop controls within Cityworks to prevent creating duplicate permits. Should Cityworks not have this capability; Permitting and Inspections management should work with personnel within the department on mitigating controls to ensure duplicate permits are not being created. All permit applications should be reviewed by an appropriate level inspector before a permit is issued at which time, the inspector can verify that a duplicate permit is not being created.</p>	<p>Cityworks cannot currently prevent the creation of duplicate permits, however, it will allow you to see all the existing permits, cases, service requests and work orders at a given address.</p> <p>Resolution of this issue is dependent on a vendor’s schedule. Additionally, consideration should be given to distinguishing between a trade permit and a building permit with regard to the qualifications of the issuing authority. If inspectors have to sign off on all permits prior to their issuance, a significant resource issue will be created due to permit volume. If this is the direction of the Interim City Manager, we will produce a plan for implementation for consideration during the FY18</p>	<p>Implemented</p> <p>A project may require more than one of a specific trade permit (multiple electrical permits may be issued for one job).</p> <p>Staff is familiar with the requirements for each permit, and the differentiation of each permit type. Although trade permits may appear to be the same at first glance, staff includes notes and other items to differentiate each permit from another to avoid duplication.</p> <p>Implementation Date: 10/1/2018</p>	<p>Implemented</p> <p>A project may require more than one of a specific trade permit (multiple electrical permits may be issued for one job).</p> <p>Staff is familiar with the requirements for each permit, and the differentiation of each permit type. Although trade permits may appear to be the same at first glance, staff includes notes and other items to differentiate each permit from another to avoid duplication.</p> <p>Implementation Date: 10/1/2018</p>

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		<p>budget cycle.</p> <p>Information Technology is working with software developer to bring a Cityworks PLL trainer on site to provide specialized PLL training.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 11/15/2016</p>		
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		Responsible Party: Interim Permitting and Inspections Director and Information Technology Director		
29	Procedures should be established requiring inspectors to document within Cityworks when the inspector reaches the location and the results of the inspection before going to the next assignment. Cityworks should be configured, if necessary, to facilitate this type of documentation. Training should be provided to improve inspectors' documentation, to establish parameters and guidelines and the use of laptops in the field to result the inspections.	Permitting and Inspections has purchased laptop computers for all the field inspectors to eliminate the problem of limited or no connectivity in some areas of the City. Since that time, the inspectors have been trained and directed by management to log into Cityworks and do all of their inspection postings at the jobsite. Management is working with Cityworks to be able to have this measurable data extracted in several types of reports. This will give management valuable information that we will be able to use in determining if the department is adequately staffed. <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>	Implemented The process and policy related content of this finding has been remedied Also, technology has also being evaluated to ensure that the inspectors can result the inspections in real time after the inspection is conducted. Implementation Date: 10/1/2018	Implemented The process and policy related content of this finding has been remedied Also, technology has also being evaluated to ensure that the inspectors can result the inspections in real time after the inspection is conducted. Implementation Date: 10/1/2018

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		<p><i>Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p> <p>Responsible Party: Building Official</p>		
30	Internal Audit recommends the Permitting and Inspections Department prohibit the practice of bypassing system controls by deleting and/or resulting inspections on the workflow as "NA". Quality reviews should be conducted by management to ensure all inspections are completed and resulted for each type of permit on the workflow.	The inspections workflows are currently under modification. It is the intent to modify and simplify each of the workflows per permit type. Until this occurs, an "N/A" will be placed on inspections tasks not related to the inspection. The Permitting and Inspections department is working closely with the IT department as well as with Cityworks in order to address this	<p>Implemented</p> <p>With the assistance of IT, the department has implemented the recommendation preventing the bypassing of system controls.</p>	<p>Implemented</p> <p>With the assistance of IT, the department has implemented the recommendation preventing the bypassing of system controls.</p>

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	<p>Cityworks workflows should be updated for each permit type to include only required inspections for that permit type.</p>	<p>issue.</p> <p>As we modify the case types and workflows additional security will be added which will prohibit the addition or deletions of task in the workflow.</p> <p><i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 6/30/2017</p>		
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A2016-02 Permitting and Inspections

		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 inspector location.</p> <p>Implementation Date: 6/30/2017</p>	<p style="text-align: center;">Implemented</p> <p>Accountability procedures are currently in place to satisfy the process-related content of this finding.</p> <p style="text-align: center;">Implementation Date: 10/1/2018</p>	<p style="text-align: center;">Implemented</p> <p>Accountability procedures are currently in place to satisfy the process-related content of this finding.</p> <p style="text-align: center;">Implementation Date: 10/1/2018</p>

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A2016-02 Permitting and Inspections

		Responsible Party: Building Official		
32	Permitting and Inspections management should develop procedures to ensure all permitted projects are inspected or permits are properly cancelled if the permitted work is not commenced.	All full demolition permits are inspected by the Code Enforcement Division of the Planning and Code Enforcement Department. Cityworks has been modified to notify the contractor when a permit is about to expire. This modification reflects the standards of the NC Building Code with regard to permit expiration. A procedure will be developed in order to provide clear and concise instruction on how to post inspections once the permit is completed, voided, or expired. An amendment to the City Code will be proposed to reflect the standards of the NC Building Code with regard to permit expiration. <i>As it relates to the deficiencies that address the Cityworks PLL software, the City Manager has authorized a project assessment to evaluate the current state of Cityworks and make</i>	Implemented The process-related content was addressed by ordinance amendment and Cityworks modification Implementation Date: 10/1/18	Implemented The process-related content was addressed by ordinance amendment and Cityworks modification Implementation Date: 10/1/18

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A2016-02 Permitting and Inspections				
		<p><i>recommendations on whether to continue implementation and refinement efforts or seek another PLL solution. Until the assessment is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list will be completed. All other efforts to refine Cityworks will be discontinued.</i></p> <p>Implementation Date: 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 management develop processes to ensure square footage and construction costs are validated prior to permit issuance and again	We agree that enhancements can be made to better confirm fee calculations from various measures, however, the proposed redundancy is unnecessary as any deviations will be caught during the inspection	<p>Implemented</p> <p>The fee schedule has been modified to reflect permit fees based upon heated and non-heated area.</p>	<p>Implemented</p> <p>The fee schedule has been modified to reflect permit fees based upon heated and non-heated area.</p>

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A2016-02 Permitting and Inspections

	<p>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>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 will be completed. All other efforts to refine Cityworks will be discontinued.</i></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>Implementation Date: 10/1/2018</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>Implementation Date: 10/1/2018</p>
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		<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 is completed, only issues already identified as a part of Permitting and Inspections and Information Technology's project priority list</i></p>	<p>Implemented</p> <p>In addition to the callback fee, a policy has been implemented for staff knowledge on the consistent implementation of call-back fees.</p> <p>Implementation Date: 9/30/2018</p>	<p>Implemented</p> <p>In addition to the callback fee, a policy has been implemented for staff knowledge on the consistent implementation of call-back fees.</p> <p>Implementation Date: 9/30/2018</p>

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		<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>		
35	<p>Consider implementing multi-trade inspections, specifically HVAC permits, to enhance scheduling flexibility, reduce drive times and improve response times.</p>	<p>The Permitting and Inspections Department is now performing multi-trade inspections for two permit types. One is the mechanical change out permit when the mechanical inspector inspects both the mechanical and electrical installations. The other is the gas water heater permit when the plumbing inspector inspects the water heater, vent piping and the gas piping. A policy and procedure will be written to ensure both permits are ready before the inspector goes on the inspection. Management also utilizes this cross training when a trade section is shorthanded. Out of a department of 18 inspectors, we have 7 inspectors who have more than one</p>	<p>Implemented</p> <p>Current scheduling practices have been modified to support multi-trade inspections in unit installs and change outs.</p> <p>We have also developed a multi-trade permit</p> <p>Implementation Date: 10/1/18</p>	<p>Implemented</p> <p>Current scheduling practices have been modified to support multi-trade inspections in unit installs and change outs.</p> <p>We have also developed a multi-trade permit</p> <p>Implementation Date: 10/1/18</p>

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		<p>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>		

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A2016-06 Contract Practices and Procedures

1	<p>The Office of Internal Audit recommends management determine if the City Manager’s Office is the most appropriate department to be responsible for <i>Policy #120 City of Fayetteville General Contracting Practices and Procedure</i> based on the ability to provide oversight and management of all policy provisions and appendices. Once determined, management should designate personnel/positions responsible for the oversight and management of the policy and ensure the personnel/positions responsible have the ability to enforce contract policy provisions. This recommendation is applicable for all findings within this report and will have a direct impact on the management responses for oversight and monitoring of compliance with the policy.</p>	<p>We concur. Management is in full agreement with the recommendation.</p> <p>The approvals required and the procedures within Policy #120 City of Fayetteville General Contracting Practices and Procedure were initially assigned to the City Manager’s Office; however, after further review and evaluation, the oversight and management of the policy to include the appendices is being assigned to the Finance department. Currently, the Finance department is responsible for the Purchasing function along with playing a major role with citywide contracting. Furthermore, Policy #120 City of Fayetteville General Contracting Practices and Procedure will continue to require the City Manager to approve all delegation of contract signature authority as authorized by the City’s Code of Ordinances Chapter 2 Article III Section 2-61.</p>	<p>Partially Implemented</p> <p>A contract committee (parks and recreation, finance, legal, SPA, CMO, airport, and internal audit) has been created which has put into motion certain changes to the contracting process. An updated policy will be drafted and circulated/presented to SMT on 4.25.19 for a 10 day review process.</p>	<p>Partially Implemented</p> <p>A contract committee (parks and recreation, finance, legal, SPA, CMO, airport, and internal audit) has been created which has put into motion certain changes to the contracting process. An updated policy will be drafted and circulated/presented to SMT.</p>
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Office of Internal Audit
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Fiscal Year 2018-2019 (3rd Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – April 25, 2019	Management Follow-up Response – January 24, 2019

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</p>	<p style="text-align: center;">Partially Implemented</p> <p>A contract committee (parks and recreation, finance, legal, SPA, CMO, airport, and internal audit) has been created which has put into motion certain changes to the contracting process. An updated policy will be drafted and circulated/presented to SMT.</p> <p>Training was held 11.16.18, 3.29.19 and will continue to be held after new process/policy is developed.</p> <p>A quality control program is being developed and tested to ensure purchase orders are obtained prior to purchase or start of service.</p>	<p style="text-align: center;">Partially Implemented</p> <p>A contract committee (parks and recreation, finance, legal, SPA, CMO, airport, and internal audit) has been created which has put into motion certain changes to the contracting process. An updated policy will be drafted and circulated/presented to SMT.</p> <p>Training was held 11.16.18 and will continue to be held after new process/policy is developed.</p> <p>A quality control program is being developed and tested to ensure purchase orders are obtained prior to purchase or start of service.</p>

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A2016-06 Contract Practices and Procedures

	<p>contracts are fully executed with all required approvals, signatures and the City Seal.</p>	<p>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 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>		
3	<p>1. Clarification should be added to <i>Policy #120 City of Fayetteville General Contracting Practices and Procedures</i> defining the</p>	<p>1. We concur. Management is in full agreement with the recommendation.</p>	<p>Partially Implemented</p> <p>A contract committee (parks and recreation, finance, legal, SPA, CMO, airport, and internal</p>	<p>Partially Implemented</p> <p>A contract committee (parks and recreation, finance, legal, SPA, CMO, airport, and internal</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>To ensure full implementation and compliance, the City Manager will assign the CFO the responsibility of providing clarification to Policy #120, City of Fayetteville General Contracting Processes and Procedures in an effort to define the conditions under which a contract is required.</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</p>	<p style="color: red;">audit) has been created which has put into motion certain changes to the contracting process. An updated policy will be drafted and circulated/presented to SMT.</p> <p style="color: red;">A training module is being prepared and will be delivered to staff using PowerDMS.</p> <p style="color: red;">Revised Implementation Date: 6/01/2019</p> <p style="color: red;">Responsible Party: Chief Financial Officer or designee</p>	<p style="color: red;">audit) has been created which has put into motion certain changes to the contracting process. An updated policy will be drafted and circulated/presented to SMT.</p> <p style="color: red;">A training module is being prepared and will be delivered to staff using PowerDMS.</p> <p style="color: red;">Revised Implementation Date: 3/01/2019</p> <p style="color: red;">Responsible Party: Chief Financial Officer or designee</p>
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A2016-06 Contract Practices and Procedures

		<p>assign the CFO the responsibility to develop a quality control program to help ensure all contracts are fully executed with all required approvals, signatures and the City Seal.</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>		
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	Recommendation	Management Response	Management Follow-up Response – April 25, 2019	Management Follow-up Response – January 24, 2019

A2018-01 Evidence and Property Management

1.1	<p>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:</p> <p>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;</p>	<p>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</p>	<p style="color: red; font-weight: bold;">Not Implemented</p> <p style="color: red;">The Evidence and Property Room continue to follow the last available policy version from 2016.</p> <p style="color: red;">An unannounced internal inspection was completed on September 19- October 12, 2018 by the Forensics Manager and Forensics Supervisor. A final report was submitted to the Chief of Police. An announced inspection was completed on September 26, 2018. A final report was submitted to Chief of Police.</p> <p style="color: red;">The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows</p>	<p style="color: red; font-weight: bold;">Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The Evidence and Property Room has continued to follow the last available version from 2016. The City of Fayetteville Police Attorney has been consulted and the operating procedure will be updated to address the process for internal audits and inspections. It is the intention that this process will encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits. An unannounced internal inspection was completed on September 19- October 12, 2018 by the Forensics Manager and Forensics Supervisor. A final report has been submitted to the Chief of Police. An announced inspection was completed on September 26, 2018. A final</p>
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A2018-01 Evidence and Property Management				
		<p>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.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons who are responsible for handling evidence.</p> <p>Revised Implementation Date: 7/31/2019</p>	<p>report has been submitted to Chief of Police.</p> <p>After completion of both the announced and the unannounced inspections at the end of 2018 as well as the completion of the first draft of the new Property Room Policy, a new policy has been drafted that that directly reflects the Property Room Management / Inspection and Auditing. This is meant to address the day-to-day operations inside the Property Room for consistency. The policy is currently with the Subject Matter Experts for review and finalization. There is a section in this policy that directly addresses the auditing and inspection process that was utilized by the Fayetteville Auditing Team and Executive Staff's Guidance.</p>
1.2	The Office of Internal Audit recommends management establish internal controls to ensure	The review of the entire Police Department Evidence and Property Operating Procedure Policy is being	Not Implemented	Not Implemented

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A2018-01 Evidence and Property Management

	<p>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:</p> <p>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;</p>	<p>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</p>	<p>The Evidence and Property Room continue to follow the last available policy version from 2016.</p> <p>Upon completion of both the announced and unannounced inspections of the Property Room, complete reports were forwarded through the Chain of Command for review through the Chief of Police. This was completed by the middle of October 2018.</p> <p>The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are</p>	<p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The Evidence and Property Room has continued to follow the last available version from 2016. The City of Fayetteville Police Attorney has been consulted and the operating procedure will be updated to address the process for internal audits and inspections. It is the intention that this process will encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits.</p> <p>Upon completion of both the announced and unannounced inspections of the Property Room, complete reports were forwarded through the Chain of Command for review through the Chief of Police. This was completed by the middle of October 2018.</p>
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A2018-01 Evidence and Property Management

		<p>training when employees have deficiencies.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons who are responsible for handling evidence.</p> <p>This area is specifically addressed in the new policy titled Property Room Management.</p> <p>Revised Implementation Date: 7/31/2019</p>	
1.3	<p>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:</p>	<p>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</p>	<p>Not Implemented</p> <p>The Evidence and Property Room continue to follow the last available policy version from 2016.</p> <p>The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The Evidence and Property Room has continued to follow the last available version from 2016. The City of Fayetteville Police Attorney has been consulted and the operating procedure will be</p>

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	<p>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;</p>	<p>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.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons who are responsible for handling evidence.</p> <p>Additionally, policy will be reviewed by contracted legal who specializes in NC Police Policy. The audit report and policy will be provided for their recommendations.</p> <p>This area is specifically addressed in the new policy titled Property Room Management.</p>	<p>updated to address the process for internal audits and inspections. It is the intention that this process will encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits.</p> <p>After completion of both the announced and the unannounced inspections at the end of 2018 as well as the completion of the first draft of the new Property Room Policy, a new policy has been drafted that that directly reflects the Property Room Management / Inspection and Auditing. This is meant to address the day-to-day operations inside the Property Room for consistency. The policy is currently with the Subject Matter Experts for review and finalization. There is a section in this policy that directly addresses “special audits” that are to be completed when there is a change of</p>
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			Revised Implementation Date: 7/31/2019	employee status in the Property Room.
1.4	<p>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:</p> <p>4. Determine the circumstances when property receipts are required, the personnel responsible to maintain them and ensure they are issued accordingly;</p>	<p>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</p>	<p>Not Implemented</p> <p>The Evidence and Property Room continue to follow the last available policy version from 2016.</p> <p>The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The Evidence and Property Room has continued to follow the last available version from 2016. The City of Fayetteville Police Attorney has been consulted and the operating procedure will be updated to address the process for internal audits and inspections. It is the intention that this process will encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits.</p> <p>After completion of both the announced and the unannounced inspections at the end of 2018 as well as the completion of the</p>

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		<p>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.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>conducted to effectively teach the new policy to all persons who are responsible for handling evidence.</p> <p>This area is specifically addressed in the new policy titled Submitting General Property Management.</p> <p>Revised Implementation Date: 7/31/2019</p>	<p>first draft of the new Property Room Policy, a new policy has been drafted that that directly reflects the Submitting / General Property Management. This policy addresses the submission and types of property to be submitted to the Property Room for consistency. The policy is currently with the Subject Matter Experts for review and finalization. In this policy when referring to issuance of property receipts and storage of property receipts, the policy refers back to FPD Property Receipts Guidelines OP 6.4 for guidance so that there is not conflicting policies and practices.</p>
1.5	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	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	<p>Not Implemented</p> <p>The Evidence and Property Room continue to follow the last available policy version from 2016.</p> <p>The single policy from 2016 has been separated into four new</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The Evidence and Property Room has continued to follow the last available version from 2016.</p>

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	<p>observations include the following, but are not limited to:</p> <p>5. Complete and accurate descriptions of property and evidence should be documented, to include completing the database fields required within RMS;</p>	<p>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.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons who are responsible for handling evidence.</p> <p>This area is specifically addressed in the new policy titled Submitting General Property Management.</p> <p>Revised Implementation Date: 7/31/2019</p>	<p>The City of Fayetteville Police Attorney has been consulted and the operating procedure will be updated to address the process for internal audits and inspections. It is the intention that this process will encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits.</p> <p>After completion of both the announced and the unannounced inspections at the end of 2018 as well as the completion of the first draft of the new Property Room Policy, a new policy has been drafted that that directly reflects the Submitting / General Property Management. This policy addresses the submission and types of property to be submitted to the Property Room for consistency. The policy is currently with the Subject Matter Experts for review and finalization. In this policy it addresses the responsibility of</p>
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A2018-01 Evidence and Property Management

				the officers to properly annotate what the evidence is and the mandatory fields and the policy outlines the requirements of the property room staff to identify these issues and have them corrected prior to storage.
1.6	<p>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:</p> <p>6. Stolen checks should be generated for ALL firearms to determine if they have been reported stolen;</p>	<p>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.</p>	<p>Not Implemented</p> <p>The Evidence and Property Room continue to follow the last available policy version from 2016.</p> <p>Stolen checks were completed on the firearms in the evidence room with property documentation illustrating the checks. Standard procedure is to run a stolen report for all weapons entered into evidence.</p> <p>This process has not changed as stated above, in the policy re-write, the Property Room staff will not accept the property without the required paperwork.</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The Evidence and Property Room has continued to follow the last available version from 2016. By December 2018, the Fayetteville Police Department Evidence and Property Room had completed two internal audits, one announced and one unannounced. The City of Fayetteville Police Attorney has been consulted and the operating procedure will be updated to address the process for internal audits and inspections. It is the intention that this process will</p>

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		<p>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.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons who are responsible for handling evidence.</p> <p>This area is specifically addressed in the new policy titled Submitting General Property Management.</p>	<p>encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits. Stolen checks were completed on the firearms in the evidence room with property documentation illustrating the checks. Standard procedure is to run a stolen report for all weapons entered into evidence. This process has not changed as stated above, in the policy rewrite, the Property Room staff will not accept the property without the required paperwork.</p>
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			Revised Implementation Date: 7/31/2019	
1.7	<p>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:</p> <p>7. Documentation should be maintained showing the firearm was entered in the Recovered Gun File.</p>	<p>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</p>	<p>Not Implemented</p> <p>The Evidence and Property Room continue to follow the last available policy version from 2016.</p> <p>Documentation is maintained showing the firearm was entered in the Recovered Gun File. Weapons stored in evidence longer than 2 years will be removed this file due to DCI rules.</p> <p>NO change to this, this is a process that was already in place at the time of the audit.</p> <p>The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The Evidence and Property Room has continued to follow the last available version from 2016. By December 2018, the Fayetteville Police Department Evidence and Property Room had completed two internal audits, one announced and one unannounced. The City of Fayetteville Police Attorney has been consulted and the operating procedure will be updated to address the process for internal audits and inspections. It is the intention that this process will encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits. Documentation is maintained showing the firearm</p>

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		<p>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.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p style="color: red;">Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons who are responsible for handling evidence.</p> <p style="color: red;">This area is specifically addressed in the new policy titled Submitting General Property Management.</p> <p style="color: red;">Revised Implementation Date: 7/31/2019</p>	<p>was entered in the Recovered Gun File. Weapons stored in evidence longer than 2 years will be removed this file due to DCI rules.</p> <p>NO change to this, this is a process that was already in place at the time of the audit.</p>
1.8	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	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	<p>Not Implemented</p> <p>The Evidence and Property Room continue to follow the last available policy version from 2016.</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format. The</p>

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	<p>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.</p>	<p>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.</p>	<p style="color: red;">The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons who are responsible for handling evidence.</p> <p style="color: red;">Revised Implementation Date: 7/31/2019</p>	<p>Evidence and Property Room has continued to follow the last available version from 2016. By December 2018, the Fayetteville Police Department Evidence and Property Room had completed two internal audits, one announced and one unannounced. The City of Fayetteville Police Attorney has been consulted and the operating procedure will be updated to address the process for internal audits and inspections. It is the intention that this process will encompass the practices of the audit team and will include both sheet to shelf and shelf to sheet style audits.</p> <p style="color: red;">Once the new policies have been reviewed by the SME's and are approved through the Chief's Office, training will take place both on PowerDMS and in a classroom setting at patrol assemblies to answer any questions about the new</p>
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		<p>Responsible Party: Specialized Services Division Commander Implementation Date: 03/10/2019</p>		processes that are being implemented.
2.1	<p>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.</p>	<p>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</p>	<p>Not Implemented</p> <p>The armored car options to transport money to the bank were discussed with Finance. This will not work for Fayetteville Police Department’s needs based on “evidence” related chain of custody issues. Finance personnel have requested a timeframe when the deposit of all currency into a non-interest producing account will begin. This information was passed on to appropriate Police Department personnel for follow-up related to the overall cost.</p> <p>The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency</p>	<p>Not Implemented</p> <p>The armored car options to transport money to the bank were discussed with Finance. This will not work for Fayetteville Police Department’s needs based on “evidence” related chain of custody issues. Finance personnel have requested a timeframe when the deposit of all currency into a non-interest producing account will begin. Moving the currency to the Financial Institution will trigger the 100% inventory and accountability of all currency, foreign and counterfeit included. This information was passed on to appropriate Police Department personnel for follow-up related to the overall cost.</p>

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		<p>inventory will be conducted simultaneously and RMS will be updated accordingly.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons who are responsible for handling evidence.</p> <p>This area is specifically addressed in the new policy titled Currency Handling Procedures. Sgt Mary Bueno is almost complete with a case by case review of all currency cases and seeing which cases have been adjudicated.</p> <p>Revised Implementation Date: 7/31/2019</p>	<p>After completion of both the announced and the unannounced inspections at the end of 2018 as well as the completion of the first draft of the new Property Room Policy, a new policy has been drafted that that directly reflects the Currency Handling Procedures. This policy outlines the process that will be followed as well as timelines put in place to ensure that all currency is transferred to a bank and not kept on site. The accounts are in place with finance and the policy is currently with the SME's for review. Once it is approved then training will need to take place with all parties.</p>
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2.2	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.	This will be addressed with the updated Operating Procedure 6.2 that the City of Fayetteville Police Attorneys are currently working on. Responsible Party: Specialized Services Division Commander Implementation Date: 03/10/2019	Not Implemented The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons who are responsible for handling evidence. Revised Implementation Date: 7/31/2019	Not Implemented The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated.
2.3	Review the property and evidence items converted from Visionaire	This will be addressed once the renovation of the first floor of the	Partially Implemented	Partially Implemented

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	<p>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.</p>	<p>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.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p style="color: red;">The re-organization of the first floor area of the Police Department should be finalized with rolling shelves in April 2019. This will enable Property and Evidence staff to make their moves.</p> <p style="color: red;">The Property and Evidence Room staff is looking at organizational methods to maximize space and streamline process overall. As part of that, destruction is very important to the overall process. During the summer months, an intern was hired to assist with the research and authorship of court orders to destroy property from 2002 forward. Those orders are currently with the City of Fayetteville Police Attorneys awaiting signature from a judge.</p> <p style="color: red;">An intern was hired and completed their internship assisting with destroying of property. Police Department</p>	<p>The re-organization of the first floor area of the Police Department is almost complete. This will be complete in the next 30-days. The Property and Evidence Room staff is looking at organizational methods to maximize space and streamline process overall. As part of that, destruction is very important to the overall process. During the summer months, an intern was hired to assist with the research and authorship of court orders to destroy property from 2002 forward. Those orders are currently with the City of Fayetteville Police Attorneys awaiting signature from a judge. An intern was hired and completed their internship assisting with destroying of property. Police Department staff continues to work on property destruction when possible.</p>
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			<p>staff continues to work on property destruction when possible.</p> <p>Destruction of this property is our primary goal and a new policy has been authored that addresses only the Removal / Release / Destruction Procedures outlined by the legal team. This policy will eventually aid in the transition of property for destruction. It will not give clear guidance to the process required by NC General Statute and the Fayetteville Police Legal Team.</p> <p>The reorganization of the evidence room has begun and during this process, all pieces of property that is touched will be verified in RMS as accurate. If it is not listed in the RMS Evidence Module, it will be entered. This will allow for the older RMS system to be phased</p>	<p>Destruction of this property is our primary goal and a new policy has been authored that addresses only the Removal / Release / Destruction Procedures outlined by the legal team. This policy will eventually aid in the transition of property for destruction. It will not give clear guidance to the process required by NC General Statute and the Fayetteville Police Legal Team.</p>
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			out of use since all evidence will be in the current module. Revised Implementation Date: 7/31/2019	
2.4	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.	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	Not Implemented Currently, a quote has not been received to determine costs to have this information within OneSolution RMS cleaned up because destruction orders are being prepared for the older property and many of these items are included in this process. No change. Revised Implementation Date: 7/31/2019	Not Implemented Currently, a quote has not been received to determine costs to have this information within OneSolution RMS cleaned up because destruction orders are being prepared for the older property and many of these items are included in this process. No change
3.1	Management should consider having RMS Administration supervised by the Information Technology Department. This should not only alleviate the current	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	Management did not concur and will not be implementing this recommendation.	Management did not concur and will not be implementing this recommendation.

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	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.	RMS Administrators functions in order to not have a single point of failure if they are away.		
3.2	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.	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. Responsible Party: Specialized Services Division Commander Implementation Date: 03/10/2019	Partially Implemented This process is still being worked on, but as part of the process, when employees within the Fayetteville Police Department leave the agency or are transferred within the agency, they now have to out process through the RMS Manager and their rights are changed or removed. A policy has been drafted and is awaiting the Police Chief’s signature outlining the process for removing former employees from all user accounts. Revised Implementation Date: 7/31/2019	Partially Implemented This process is still being worked on, but as part of the process, when employees within the Fayetteville Police Department leave the agency or are transferred within the agency, they now have to out process through the RMS Manager and their rights are changed or removed. A policy has been drafted and is awaiting the Police Chief’s signature outlining the process for removing former employees from all user accounts.

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3.3	Management should check with Superior 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.	<p>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.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>Partially Implemented</p> <p>A process and approval/tracking system has been established that will ensure the person updating the error is the actual person submitting the evidence. Management is analyzing the errors to determine the commonality. No change.</p> <p>Revised Implementation Date: 7/31/2019</p>	<p>Partially Implemented</p> <p>A process and approval/tracking system has been established that will ensure the person updating the error is the actual person submitting the evidence. Management is analyzing the errors to determine the commonality. No change</p>
4.1	Continue to research the whereabouts of the two items missing and notify the courts and attorneys as deemed necessary.	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	<p>Implemented</p> <p>While locating items for destruction, these items were located and have been placed in the correct locations and updated in RMS.</p>	<p>Implemented</p> <p>While locating items for destruction, these items were located and have been placed in the correct locations and updated in RMS.</p>

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		<p>which need notification related to an investigation.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>		
4.2	<p>Procedures for notifying management, to include Police Attorney, should be established when property and evidence is designated missing.</p>	<p>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.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	Implemented	Implemented
4.3	<p>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.</p>	<p>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</p>	Not Implemented	Not Implemented
			<p>The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency</p>	<p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being</p>

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		<p>more random audits for the entire Property and Evidence Unit.</p> <p>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.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p style="color: red;">Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons who are responsible for handling evidence.</p> <p>This area is specifically addressed in the new policy titled Property room management.</p> <p style="color: red;">Revised Implementation Date: 7/31/2019</p>	<p>updated, whereas, this will be addressed in the updated policy. After completion of both the announced and the unannounced inspections at the end of 2018 as well as the completion of the first draft of the new Property Room Policy, a new policy has been drafted that that directly reflects the Property Room Management / Inspection and Auditing. This is meant to address the day-to-day operations inside the Property Room for consistency. The policy is currently with the Subject Matter Experts for review and finalization. There is a section in this policy that directly addresses the auditing and inspection process that was utilized by the Fayetteville Auditing Team and Executive Staff's Guidance.</p>
5.1	The Office of Internal Audit recommends management amend written operating procedures to ensure consistency and reliability	The updated Operating Procedure 6.2 will clearly identify these matters and the Evidence Room Staff will be tasked with following	<p>Not Implemented</p> <p style="color: red;">The single policy from 2016 has been separated into four new</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property</p>

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	<p>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 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.</p> <p>Some possible improvements to operating procedures based on Internal Audit’s observations include the following, but are not limited to:</p> <ol style="list-style-type: none"> 1. Specific requirements should be listed to ensure sufficient and consistent descriptions are 	<p>those processes and checking for accuracy.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons who are responsible for handling evidence.</p> <p>This area is specifically addressed in the new policy titled Submitting General Property Management.</p> <p>The Property and Evidence Room staff does a visual review</p>	<p>Operating Procedure is currently still in draft format and is being updated. The Property and Evidence Room staff does a visual review to ensure accuracy to the data that is inputted.</p> <p>After completion of both the announced and the unannounced inspections at the end of 2018 as well as the completion of the first draft of the new Property Room Policy, several new policies have been authored: Removal / Release / Destruction Procedures, Submitting / General Property Management, Currency Handling Procedures, Property Room Management / Inspection / Auditing. This allows for ease of review the material and help identify who is responsible for the various actions involving property and evidence.</p>
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	documented for all property and evidence;		to ensure accuracy to the data that is inputted. Revised Implementation Date: 7/31/2019	
5.2	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 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.	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. Responsible Party: Specialized Services Division Commander Implementation Date: 03/10/2019	Not Implemented The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons	Not Implemented The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. The Property and Evidence Room staff does a visual review to ensure accuracy to the data that is inputted After completion of both the announced and the unannounced inspections at the end of 2018 as well as the completion of the first draft of the new Property Room Policy, several new policies have been authored: Removal / Release / Destruction Procedures, Submitting / General Property Management, Currency Handling Procedures, Property Room Management /

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	<p>Some possible improvements to operating procedures based on Internal Audit’s observations include the following, but are not limited to:</p> <p>2. Clear realistic expectations of personnel’s responsibilities to ensure the accuracy of the description, type, and amount of property should be clarified;</p>		<p>who are responsible for handling evidence.</p> <p>This area is specifically addressed in the new policy titled Submitting General Property Management. The Property and Evidence Room staff does a visual review to ensure accuracy to the data that is inputted.</p> <p>Revised Implementation Date: 7/31/2019</p>	<p>Inspection / Auditing. This allows for ease of review the material and help identify who is responsible for the various actions involving property and evidence.</p>
5.3	<p>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 amended to include sufficient guidance to</p>	<p>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.</p>	<p>Not Implemented</p> <p>The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated.</p> <p style="color: red;">After completion of both the announced and the unannounced inspections at the end of 2018 as well as the completion of the first draft of the new Property Room Policy, several new policies have been authored:</p>

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Fiscal Year 2018-2019 (3rd Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – April 25, 2019	Management Follow-up Response – January 24, 2019

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	<p>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.</p> <p>Some possible improvements to operating procedures based on Internal Audit's observations include the following, but are not limited to:</p> <p>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;</p>	<p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons who are responsible for handling evidence.</p> <p>This area is specifically addressed in the new policy titled Submitting General Property Management.</p> <p>Revised Implementation Date: 7/31/2019</p>	<p>Removal / Release / Destruction Procedures, Submitting / General Property Management, Currency Handling Procedures, Property Room Management / Inspection / Auditing. This allows for ease of review the material and help identify who is responsible for the various actions involving property and evidence.</p>
5.4	<p>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.</p>	<p>The updated Operating Procedure 6.2 will accurately address these concerns and implementation will be monitored by the Evidence Room Staff.</p>	<p>Not Implemented</p> <p>The Property and Evidence Room is currently operating from the March 2016 policy version.</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being</p>

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	<p>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 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.</p> <p>Some possible improvements to operating procedures based on Internal Audit's observations include the following, but are not limited to:</p> <p>4. Update procedures on the process change of using laboratories other than SBI;</p>	<p>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.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons who are responsible for handling evidence.</p> <p>This area is specifically addressed in the new policy titled Submitting General Property Management.</p>	<p>updated. The Property and Evidence Room is currently operating from the March 2016 version.</p> <p>After completion of both the announced and the unannounced inspections at the end of 2018 as well as the completion of the first draft of the new Property Room Policy, several new policies have been authored: Removal / Release / Destruction Procedures, Submitting / General Property Management, Currency Handling Procedures, Property Room Management / Inspection / Auditing. This allows for ease of review the material and help identify who is responsible for the various actions involving property and evidence.</p>
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			Revised Implementation Date: 7/31/2019	
5.5	<p>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 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.</p> <p>Some possible improvements to operating procedures based on Internal Audit's observations</p>	<p>The updated Operating Procedure 6.2 will accurately address these concerns and implementation will be monitored by the Evidence Room Staff.</p> <p>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.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>Not Implemented</p> <p>The Property and Evidence Room is currently operating from the March 2016 policy version.</p> <p>The single policy from 2016 has been separated into four new policies that address each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. The Property and Evidence Room is currently operating from the March 2016 version.</p> <p>After completion of both the announced and the unannounced inspections at the end of 2018 as well as the completion of the first draft of the new Property Room Policy, several new policies have been authored: Removal / Release / Destruction Procedures, Submitting / General Property Management, Currency Handling Procedures, Property Room Management / Inspection / Auditing. This allows for ease of review the material and help identify who is responsible for the various</p>

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	include the following, but are not limited to: 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;		who are responsible for handling evidence. This area is specifically addressed in the new policy titled Submitting General Property Management. Revised Implementation Date: 7/31/2019	actions involving property and evidence.
5.6	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 amended to include sufficient guidance to allow an individual who is unfamiliar with the operations to perform the necessary activities. Finally, subject matter experts	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.	Not Implemented The Property and Evidence Room is currently operating from the March 2016 policy version. The reorganization of the evidence room has begun and during this process, all pieces of property that is touched will be verified in RMS as accurate. If it is not listed in the RMS Evidence Module, it will be entered. This will allow for the older RMS system to be phased out of use since all evidence will be in the current module.	Not Implemented The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. The Property and Evidence Room is currently operating from the March 2016 version. After completion of both the announced and the unannounced inspections at the end of 2018 as well as the completion of the first draft of the new Property Room Policy, several new policies have been authored: Removal / Release / Destruction

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	<p>should be included in updating and reviewing the procedures to ensure only attainable and realistic requirements are included.</p> <p>Some possible improvements to operating procedures based on Internal Audit's observations include the following, but are not limited to:</p> <p>6. Review and update operating procedures for areas impacted when ONESolution RMS was implemented.</p>	<p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons who are responsible for handling evidence.</p> <p>Revised Implementation Date: 7/31/2019</p>	<p>Procedures, Submitting / General Property Management, Currency Handling Procedures, Property Room Management / Inspection / Auditing. This allows for ease of review the material and help identify who is responsible for the various actions involving property and evidence.</p>
6	Management should review and update the operating procedure as deemed applicable to ensure	The Evidence Room Operating Policy re-write and the follow	Not Implemented	Not Implemented

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	<p>Department personnel understand the importance of the guidelines related to biohazard labeling and appropriate storage of food and liquid beverages.</p>	<p>though and implementation of that policy.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p style="color: red;">The Property and Evidence Room is currently operating from the March 2016 policy version.</p> <p style="color: red;">The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons who are responsible for handling evidence.</p>	<p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. The Property and Evidence Room is currently operating from the March 2016 version.</p> <p style="color: red;">After completion of both the announced and the unannounced inspections at the end of 2018 as well as the completion of the first draft of the new Property Room Policy, several new policies have been authored: Removal / Release / Destruction Procedures, Submitting / General Property Management, Currency Handling Procedures, Property Room Management / Inspection / Auditing. This allows for ease of review the material and help identify who is responsible for the various actions involving property and evidence.</p>
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			<p>This area is specifically addressed in the new policy titled Submitting General Property Management.</p> <p>Revised Implementation Date: 7/31/2019</p>	
7.1	<p>If currency continues to be maintained in the Property and Evidence Unit, Internal Audit recommends management consider maintaining the currency in fireproof safes.</p>	<p>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.</p> <p>Responsible Party: Specialized Services Division Commander Implementation Date: 03/10/2019</p>	<p>Not Implemented</p> <p>The Property and Evidence Room staff has received a quote to have a fire proof safe installed into the Fayetteville Police Department Evidence Room. This will be purchased after construction of the first floor is complete to ensure that there is sufficient room for the safe as well as putting it in place one time and not having to move the very heavy item a second time.</p> <p>Evidence Supervisor is awaiting quotes from various companies on the proper safe.</p>	<p>Not Implemented</p> <p>The Property and Evidence Room staff has received a quote to have a fire proof safe installed into the Fayetteville Police Department Evidence Room. This will be purchased after construction of the first floor is complete to ensure that there is sufficient room for the safe as well as putting it in place one time and not having to move the very heavy item a second time.</p> <p>Evidence Supervisor is awaiting quotes from various companies on the proper safe.</p> <p>After completion of both the announced and the unannounced inspections at the end of 2018 as</p>

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			<p>The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons who are responsible for handling evidence.</p> <p>This area is specifically addressed in the new policy titled Currency Handling Procedures.</p>	<p>well as the completion of the first draft of the new Property Room Policy, several new policies have been authored: Removal / Release / Destruction Procedures, Submitting / General Property Management, Currency Handling Procedures, Property Room Management / Inspection / Auditing. This allows for ease of review the material and help identify who is responsible for the various actions involving property and evidence.</p>
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			Revised Implementation Date: 7/31/2019	Not Implemented
7.2	In addition, Internal Audit recommends working cameras be installed and utilized to provide surveillance in all areas where property and evidence are stored.	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	Implemented The camera install was completed on October 10, 2018 and all are operational.	Not Implemented The camera install was completed on October 10, 2018 and all are operational.
8	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.	The Police Department conducted the research regarding the listed items found the following: <ul style="list-style-type: none"> • 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 	Implemented This matter has been corrected and discussions with the chain of commands have been made. The Property and Evidence Room Staff has been instructed that if there is a delay in property being entered into RMS and then turned into the evidence room for storage they are to not accept the property until it is corrected.	Implemented This matter has been corrected and discussions with the chain of commands have been made. The Property and Evidence Room Staff has been instructed that if there is a delay in property being entered into RMS and then turned into the evidence room for storage they are to not accept the property until it is corrected.

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		<p>date that was different from the original report.</p> <ul style="list-style-type: none"> • 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. <p>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.</p>		
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		<p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>		
9	<p>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.</p>	<p>The Evidence Room Operating Procedure Policy will be re-written and include the standards based on best practice.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>Not Implemented</p> <p>In February 2018, a memorandum for record was completed that outlines the current destruction process until Operating Procedure 6.2 is updated.</p> <p>The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon</p>	<p>Not Implemented</p> <p>In February 2018, a memorandum for record was completed that outlines the current destruction process until Operating Procedure 6.2 is updated.</p> <p>After completion of both the announced and the unannounced inspections at the end of 2018 as well as the completion of the first draft of the new Property Room Policy, several new policies have been authored: Removal / Release / Destruction Procedures, Submitting / General Property Management, Currency Handling Procedures, Property Room Management / Inspection / Auditing. This allows for ease of review the material and help identify who is responsible for the various</p>

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			<p>completion of the final review, training will be created and conducted to effectively teach the new policy to all persons who are responsible for handling evidence.</p> <p>This area is specifically addressed in the new policy titled Property Removal Release Destruction Procedures.</p> <p>Revised Implementation Date: 7/31/2019</p>	<p>actions involving property and evidence.</p>
10	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.	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	<p>Partially Implemented</p> <p>The Evidence Room Staff has been empowered to identify errors in the input of data into RMS and the packaging of items for entry into the Evidence and Property Room. When errors are identified, the staff notifies the officer and the immediate Chain of Command to fix the errors. The disposal process continues to be reviewed to ensure it is efficient in identifying items to</p>	<p>Partially Implemented</p> <p>The Evidence Room Staff has been empowered to identify errors in the input of data into RMS and the packaging of items for entry into the Evidence and Property Room. When errors are identified, the staff notifies the officer and the immediate Chain of Command to fix the errors. The disposal process continues to be reviewed to ensure it is efficient in identifying items to</p>

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		<p>reviewing for all items listed in this recommendation.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>be destroyed, the amount of time to get the appropriate orders signed and the overall destruction of the item.</p> <p>The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons who are responsible for handling evidence.</p>	<p>be destroyed, the amount of time to get the appropriate orders signed and the overall destruction of the item.</p> <p>After completion of both the announced and the unannounced inspections at the end of 2018 as well as the completion of the first draft of the new Property Room Policy, several new policies have been authored: Removal / Release / Destruction Procedures, Submitting / General Property Management, Currency Handling Procedures, Property Room Management / Inspection / Auditing. This allows for ease of review the material and help identify who is responsible for the various actions involving property and evidence.</p>
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			<p>This area is specifically addressed in the new policy titled Property Removal Release Destruction Procedures.</p> <p>Revised Implementation Date: 7/31/2019</p>	
11.1	<p>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.</p> <p>1. Procedure updates for temporary removal of property from the evidence room should at a minimum include:</p> <p>a. A process for items released to court and the type of documentation required if retained;</p> <p>b. Specific procedures for transferring property and evidence items to other agencies and what documentation should be maintained;</p>	<p>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.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>Not Implemented</p> <p>Property and Evidence staff continue to follow the Operating Procedure put into place in March 2016.</p> <p>The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. Property and Evidence staff continues to follow the Operating Procedure put into place in March 2016.</p> <p>After completion of both the announced and the unannounced inspections at the end of 2018 as well as the completion of the first draft of the new Property Room Policy, several new policies have been authored: Removal / Release / Destruction Procedures, Submitting / General Property Management, Currency Handling Procedures,</p>

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	<p>c. Authorization for the Forensics Unit to maintain evidence and procedures for maintenance; and</p> <p>d. Instructions for a (“checked out”) tickler file system and how follow-up should be documented.</p>		<p>Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons who are responsible for handling evidence.</p> <p>This area is specifically addressed in the new policy titled Property Removal Release Destruction Procedures.</p> <p>Revised Implementation Date: 7/31/2019</p>	<p>Property Room Management / Inspection / Auditing. This allows for ease of review the material and help identify who is responsible for the various actions involving property and evidence.</p>
11.2	<p>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.</p> <p>2. There are specific observations relating to current Operating Procedure 6.2.8, but overall Internal Audit concluded, management should have a</p>	<p>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.</p>	<p>Not Implemented</p> <p>Property and Evidence staff continue to follow the Operating Procedure put into place in March 2016.</p> <p>The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. Property and Evidence staff continues to follow the Operating Procedure put into place in March 2016.</p> <p>After completion of both the announced and the unannounced inspections at the end of 2018 as</p>

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	<p>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:</p> <p>a. Procedures for obtaining proper authorization for final disposition of property and evidence;</p> <p>b. Guidelines for returning items to identified owners;</p> <p>c. Guidelines for disposal of items requiring special consideration;</p> <p>d. Guidelines to ensure lawful disposal of property and evidence;</p> <p>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</p> <p>f. Define Department personnel roles to retain property</p>	<p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons who are responsible for handling evidence.</p> <p>This area is specifically addressed in the new policy titled Property Removal Release Destruction Procedures.</p> <p>Revised Implementation Date: 7/31/2019</p>	<p>well as the completion of the first draft of the new Property Room Policy, several new policies have been authored: Removal / Release / Destruction Procedures, Submitting / General Property Management, Currency Handling Procedures, Property Room Management / Inspection / Auditing. This allows for ease of review the material and help identify who is responsible for the various actions involving property and evidence.</p>
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	and evidence or process for disposal.			
11.3	<p>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.</p> <p>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:</p> <p>a. Defined officer/detective role in retaining property and</p>	<p>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.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>Not Implemented</p> <p>Property and Evidence staff continue to follow the Operating Procedure put into place in March 2016.</p> <p>The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. Property and Evidence staff continues to follow the Operating Procedure put into place in March 2016.</p> <p>After completion of both the announced and the unannounced inspections at the end of 2018 as well as the completion of the first draft of the new Property Room Policy, several new policies have been authored: Removal / Release / Destruction Procedures, Submitting / General Property Management, Currency Handling Procedures, Property Room Management / Inspection / Auditing. This allows for ease of review the material and help identify who is</p>

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	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.		who are responsible for handling evidence. This area is specifically addressed in the new policy titled Property Removal Release Destruction Procedures and Submitting General Property Management. Revised Implementation Date: 7/31/2019	responsible for the various actions involving property and evidence.
11.4	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. 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;	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	Not Implemented Property and Evidence staff continues to follow the Operating Procedure put into place in March 2016. The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows	Not Implemented The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. Property and Evidence staff continues to follow the Operating Procedure put into place in March 2016. After completion of both the announced and the unannounced inspections at the end of 2018 as well as the completion of the first draft of the new Property

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	<p>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;</p> <p>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</p> <p>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.</p>	<p>Implementation Date: 03/10/2019</p>	<p>for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons who are responsible for handling evidence.</p> <p>This area is specifically addressed in the new policy titled Property Removal Release Destruction Procedures.</p> <p>Revised Implementation Date: 7/31/2019</p>	<p style="color: red;">Room Policy, several new policies have been authored: Removal / Release / Destruction Procedures, Submitting / General Property Management, Currency Handling Procedures, Property Room Management / Inspection / Auditing. This allows for ease of review the material and help identify who is responsible for the various actions involving property and evidence.</p>
11.5	<p>Management should create or amend operating procedures addressing matters observed during this audit. Emphasis should be placed on the classifications of</p>	<p>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</p>	<p>Not Implemented</p> <p>Property and Evidence staff continue to follow the Operating Procedure put into place in March 2016.</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being</p>

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	<p>property, methods of disposal, and procedures for disposition.</p> <p>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:</p> <p>a. Publication should state the items will be "sold or disposed of" or "sold or otherwise disposed of"; and</p> <p>b. Auction proceeds should be distributed to the Cumberland County Board of Education within 30 days after the sale.</p>	<p>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.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons who are responsible for handling evidence.</p> <p>This area is specifically addressed in the new policy titled Property Removal Release Destruction Procedures.</p>	<p>updated. Property and Evidence staff continues to follow the Operating Procedure put into place in March 2016.</p> <p>After completion of both the announced and the unannounced inspections at the end of 2018 as well as the completion of the first draft of the new Property Room Policy, several new policies have been authored: Removal / Release / Destruction Procedures, Submitting / General Property Management, Currency Handling Procedures, Property Room Management / Inspection / Auditing. This allows for ease of review the material and help identify who is responsible for the various actions involving property and evidence.</p>
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			Revised Implementation Date: 7/31/2019	Past Implementation Date
11.6	<p>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.</p> <p>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.</p>	<p>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.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>Not Implemented</p> <p>Property and Evidence staff continue to follow the Operating Procedure put into place in March 2016.</p> <p>The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons</p>	<p>Not Implemented</p> <p>The Police Department Evidence and Property Operating Procedure is currently still in draft format and is being updated. Property and Evidence staff continues to follow the Operating Procedure put into place in March 2016.</p>

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			<p>who are responsible for handling evidence.</p> <p>This area is specifically addressed in the new policy titled Property Removal Release Destruction Procedures.</p> <p>Revised Implementation Date: 7/31/2019</p>	
12	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.	<p>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.</p> <p>Responsible Party: Specialized Services Division Commander</p> <p>Implementation Date: 03/10/2019</p>	<p>Not Implemented</p> <p>The additional space for evidence is still being developed. The identified locations have been cleared and in the process of being reconfigured to receive evidence.</p> <p>The areas have become available to the Property Room and some work has been done to ensure this transition is ready to be completed. The Fayetteville Police Department is the final stages of changes to the storage</p>	<p>Not Implemented</p> <p>The redesign of the Fayetteville Police Department is approximately 30-days from completion which will allow for a higher than normal volume of property contained within the Property and Evidence Room. The additional space for evidence is still being developed. The identified locations have been cleared and in the process of being reconfigured to receive evidence.</p>

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			<p>mechanism and policies that will aid in spacing.</p> <p>The single policy from 2016 has been separated into four new policies that addresses each of the following areas: Property Room Management; Currency Handling Procedures; Property Removal, Release and Destruction; and Submitting General Property. This allows for ease of review as well as ease of training. The policies have been reviewed by legal and the subject matter experts and are currently in review with the Chain of Command. Upon completion of the final review, training will be created and conducted to effectively teach the new policy to all persons who are responsible for handling evidence.</p> <p>This area is specifically addressed in the new policy titled Property Removal Release</p>	<p>The areas have become available to the Property Room and some work has been done to ensure this transition is ready to be completed. The Fayetteville Police Department is the final stages of changes to the storage mechanism and policies that will aid in spacing.</p>
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			Destruction Procedures and increased the square footage of the evidence room for greater management of space and property storage. Revised Implementation Date: 7/31/2019	

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A2018-04 Performance Measures: Parks, Recreation and Maintenance

1.1	Management should review and update all Departmental performance measures to ensure the performance measures address how the Department is meeting the associated objectives;	<p>We concur. Management is in full agreement with the recommendation.</p> <p>PRM staff reviewed and analyzed existing performance measures. Measures not currently meeting the associated objectives of the department were either adjusted or removed. Proposed measures were submitted to the office of Strategic Performance Analytics on September 11, 2018 for review. PRM staff intend to utilize proposed measures for all FY19 reporting.</p> <p>Responsible Party: Management Analyst</p> <p>Implementation Date: September 11, 2018</p>	Implemented	Not Applicable – Audit report presented at January 24, 2019 Audit Committee meeting.
1.2	Management should review and update all Departmental performance measures to ensure the Department adequately and accurately tracks and reports the actual work being performed by	<p>We concur. Management is in full agreement with the recommendation.</p> <p>Management has met with staff and will work to ensure the actual work being performed by personnel for</p>	Implemented	Not Applicable – Audit report presented at January 24, 2019 Audit Committee meeting.

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A2018-04 Performance Measures: Parks, Recreation and Maintenance

	personnel for the performance measures.	the performance measures is adequately and accurately captured for FY19. Responsible Party: Management Analyst Implementation Date: August 29, 2018	historical reports for the new measures have been updated in Tracstat.	
2	Management should review and update all departmental performance measures to ensure the performance measures are defined so the average user can effectively evaluate the information.	We concur. Management is in full agreement with the recommendation. Management has met with the Strategic Performance Analytics staff to determine a better process of reporting performance measures. Staff will update performance measures to effectively tell the story of the work being performed in PRM. Staff will work closely with Strategic Performance Analytics to ensure we are communicating information that can be easily processed and understood by the average user. Responsible Party: Management Analyst	Implemented This measure has been implemented. Staff has phrased the measure to communicate the what, why, and how.	Not Applicable – Audit report presented at January 24, 2019 Audit Committee meeting.

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		Implementation Date: September 11, 2018		

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A2018-04 Performance Measures: Public Services

2	<p>Management should review and update all departmental performance measures to ensure the performance measures are defined so the average user can effectively evaluate the information.</p>	<p>We concur. Management is in full agreement with the recommendation.</p> <p>Public services will review all performance measures within each division for full implementation beginning FY 20.</p> <p>Responsible Party: Each division manager will be responsible for implementation.</p> <p>Implementation Date: July 1, 2019</p>	<p>Implemented</p> <p>Public services has worked extensively over the last 6 months in improving our performance measures.</p> <p>Step taken include the following:</p> <ul style="list-style-type: none"> • PS Director met with each Division (Traffic, Engineering and Infrastructure, Solid Waste, Street Maintenance and Real-estate) to discuss measures and methods for improvement. • Each division manager provided new measures and revisions to past ones to more accurately reflect our work products. • We met with CMO (Kristoff Bauer) on Nov 9, 2018 to discuss our revisions. • We finalized our revisions per attached and received approval from CMO. 	<p>Not Applicable – Audit report presented at January 24, 2019 Audit Committee meeting.</p>
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A2018-04 Performance Measures: Public Services

			<ul style="list-style-type: none"> We finalized our measures. <p>In summary we have reviewed and updated all departmental performance measures to ensure the performance measures are defined so the average user can effectively evaluate the information and have received CMO approval for the revised measures.</p>	
3	Management should review and update all departmental performance measures to ensure the performance measures provide the reader with all the necessary information to make informed decisions.	<p>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.</p> <p>Actual performance measures are requested to be finalized in July for the previous FY ending June 30th. Some performance measures such as those linked to cost are subject to minor changes for example when invoices are posted late by the vendor. It is requested that there is a process for allowing updates to the</p>	<p>Implemented</p> <p>Public services has worked extensively over the last 6 months in improving our performance measures.</p> <p>Step taken include the following:</p> <ul style="list-style-type: none"> PS Director met with each Division (Traffic, Engineering and Infrastructure, Solid Waste, Street Maintenance and Real-estate) to discuss 	Not Applicable – Audit report presented at January 24, 2019 Audit Committee meeting.

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A2018-04 Performance Measures: Public Services

		<p>performance measures based on receipts of delayed data.</p> <p>Responsible Party: Each division manager will be responsible for implementation.</p> <p>Implementation Date: December 1, 2018</p>	<p>measures and methods for improvement.</p> <ul style="list-style-type: none"> Each division manager provided new measures and revisions to past ones to more accurately reflect our work products. We met with CMO (Kristoff Bauer) on Nov 9, 2018 to discuss our revisions. We finalized our revisions per attached and received approval from CMO. We finalized our measures. <p>In summary we have reviewed and updated all departmental performance measures to ensure the performance measures are defined so the average user can effectively evaluate the information and have received CMO approval for the revised measures.</p>	
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A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation

1.1	<p>The Office of Internal Audit recommends management amend the written <i>Fayetteville-Cumberland Parks & Recreation Non-Resident Fee Policy</i> to provide clear guidance on how to accurately and consistently charge fees. This policy should be 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 policy to ensure only attainable and realistic requirements are included. Improvements to the policy based on Internal Audit's observations should include, but not be limited to:</p> <ul style="list-style-type: none"> a. Define the process for determining whether the resident or nonresident fee should be charged; b. Establish specific guidance on what areas, if any, of Fort Bragg should be charged the resident 	<p>We concur. Management is in full agreement with the recommendation.</p> <p>Recreation and Administrative management staff will review and amend the Fayetteville-Cumberland Parks and Recreation Non-Resident Fee Policy by May 1, 2019 with training to occur in May/June and full implementation July 1, 2019. A new procedure will be implemented to define the process for staff to determine whether the resident or nonresident fees should be charged. The procedure will also include specific guidance on which fee to charge residents of Fort Bragg. During the review process we will determine if it is operationally feasible to charge nonresident fees for pool entry, Adult Open Play and other similar programs. Training will be provided to all full-time and part-time staff once the policy and procedures are updated and ready for implementation. Recreation and Administrative management will</p>	<p>Not Implemented</p> <p>This recommendation has not been implemented. Staff is still on schedule to review and amend the Fayetteville-Cumberland Parks and Recreation Non-Resident Fee Policy by May 1, 2019 with training to occur in May/June and full implementation July 1, 2019.</p>	<p>Not Applicable – Audit report presented at January 24, 2019 Audit Committee meeting.</p>
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	<p>fees; and</p> <p>c. Establish specific guidance and expectations on charging swimming pool and Adult Open Play Athletic fees.</p>	<p>also develop a review process that will ensure that fees are being charged in accordance with the fee schedule.</p> <p>Responsible Party: Adrienne Thomas, Business Manager</p> <p>Implementation Date: 07/01/2019</p>		
1.2	<p>Once the policy and procedures are updated, management should provide training to PRM personnel involved in charging and monitoring of the parks and recreation program fees.</p>	<p>We concur. Management is in full agreement with the recommendation.</p> <p>Recreation and Administrative management staff will review and amend the Fayetteville-Cumberland Parks and Recreation Non-Resident Fee Policy by May 1, 2019 with training to occur in May/June and full implementation July 1, 2019. A new procedure will be implemented to define the process for staff to determine whether the resident or nonresident fees should be charged. The procedure will also include specific guidance on which fee to charge residents of Fort Bragg. During the review process we will</p>	<p>Not Implemented</p> <p>This recommendation has not been implemented. Staff is still on schedule for training to occur in May/June and full implementation July 1, 2019.</p>	<p>Not Applicable – Audit report presented at January 24, 2019 Audit Committee meeting.</p>

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		<p>determine if it is operationally feasible to charge nonresident fees for pool entry, Adult Open Play and other similar programs. Training will be provided to all full-time and part-time staff once the policy and procedures are updated and ready for implementation. Recreation and Administrative management will also develop a review process that will ensure that fees are being charged in accordance with the fee schedule.</p> <p>Responsible Party: Adrienne Thomas, Business Manager</p> <p>Implementation Date: 07/01/2019</p>		
1.3	<p>Management should develop a quality review program for the fees and conduct an adequate number of appropriate quality reviews in a timely manner. The documented results should be maintained and utilized as measures of effectiveness during performance evaluations.</p>	<p>We concur. Management is in full agreement with the recommendation.</p> <p>Recreation and Administrative management staff will review and amend the Fayetteville-Cumberland Parks and Recreation Non-Resident Fee Policy by May 1, 2019 with training to occur in May/June and</p>	<p>Not Implemented</p> <p>This recommendation has not been implemented. Staff is still on schedule for a full implementation July 1, 2019.</p>	<p>Not Applicable – Audit report presented at January 24, 2019 Audit Committee meeting.</p>

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		<p>full implementation July 1, 2019. A new procedure will be implemented to define the process for staff to determine whether the resident or nonresident fees should be charged. The procedure will also include specific guidance on which fee to charge residents of Fort Bragg. During the review process we will determine if it is operationally feasible to charge nonresident fees for pool entry, Adult Open Play and other similar programs. Training will be provided to all full-time and part-time staff once the policy and procedures are updated and ready for implementation. Recreation and Administrative management will also develop a review process that will ensure that fees are being charged in accordance with the fee schedule.</p> <p>Responsible Party: Adrienne Thomas, Business Manager</p> <p>Implementation Date: 07/01/2019</p>		
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A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation

2	<p>The Office of Internal Audit recommends management update the existing fee schedule to provide additional transparency and clarity for City Council and citizens. This should include, but not be limited to, all fees applicable for the resident and nonresident rates, and fees for regularly scheduled programs led by PRM personnel.</p>	<p>We partially concur. Management is in agreement with a portion of the recommendation.</p> <p>Recreation and Administrative management staff will review the fee schedule and update to ensure transparency and clarity regarding the PRM rates and fees. This includes the fees charged for County-wide regularly scheduled programs and services will be listed on the fee schedule reflecting the appropriate fee, to include the resident and non-resident fee, if applicable. However, the fees that are assigned by Recreation staff based on community interest along with the fees that are determined by contractors providing instructional programs will be reflected on the fee schedule as not applicable to the resident and non-resident fee structure.</p> <p>Recreation staff creativity and response to community needs may be stifled if every program they lead</p>	<p>Partially Implemented</p> <p>This recommendation has been partially implemented. The fee schedule was updated during the budget process and reflective of changes to ensure transparency and clarity. The updated fee schedule is going to be presented to City Council for adoption in the FY2020 budget. Staff is still on schedule for a full implementation July 1, 2019</p>	<p>Not Applicable – Audit report presented at January 24, 2019 Audit Committee meeting.</p>
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		<p>must be listed on the fee schedule separately, whereas, these fees will be identified as Leisure Activities. Parks and Recreation provides constantly changing and varying programs through 21 facilities in unique communities all over Cumberland County. In order for Parks and Recreation to include all programs on the fee schedule, as opposed to having them listed as under the Leisure Activity designation, would add hundreds of lines to the fee schedule for activities and limit the ability of staff to meet the needs of their communities without having fees approved through City Council. Many of these programs may have the same name, but are slightly different from site to site. For example, Movie Night may be a free activity at one center and another center may charge a fee because they offer the participant dinner and a movie. Another example would be summer programs offered through the park rangers division. They offer six Page</p>		
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		<p>6 of 9 different summer programs for youth and teens that would all have to be listed separately because they are of varying prices. As stated in the report “when fees are not clearly stated on the fee schedule, citizens may be unaware if the correct fee was charged and it also creates the opportunity for misappropriation or theft of funds” we disagree as fees for all programs are listed on the Fayetteville-Cumberland Parks and Recreation website.</p> <p>Responsible Party: Adrienne Thomas, Business Manager</p> <p>Implementation Date: 07/01/2019</p>		
3	<p>The Office of Internal Audit recommends management amend the written <i>Fayetteville-Cumberland Parks & Recreation Non-Resident Fee Policy</i> to ensure clear guidance is provided on documentation for resident and nonresident fees. This policy should be amended to include</p>	<p>We concur. Management is in full agreement with the recommendation.</p> <p>The policy already lists documentation that is acceptable, more clarification will be added as to what is not acceptable, frequency for updating documentation and</p>	<p>Partially Implemented</p> <p>District Supervisors have updated <i>Fayetteville-Cumberland Parks and Recreation Non-Resident Fee Policy</i> to include clarification on unacceptable documents, frequency of updating and</p>	<p>Not Applicable – Audit report presented at January 24, 2019 Audit Committee meeting.</p>

**Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2018-2019 (3rd Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – April 25, 2019	Management Follow-up Response – January 24, 2019

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	<p>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 policy to ensure only attainable and realistic requirements are included.</p> <p>Improvements to the policy based on Internal Audit’s observations should include, but not be limited to:</p> <ul style="list-style-type: none"> a. Types of documentation considered sufficient and insufficient; b. Frequency for updating documentation; and c. Documentation maintenance, retention and destruction requirements which should ensure adherence to the security of sensitive and confidential information and the State’s retention requirements. 	<p>document maintenance. Recreation and Administrative management staff will review and amend the Fayetteville-Cumberland Parks and Recreation Non-Resident Fee Policy by May 1, 2019 with training to occur in May/June and full implementation July 1, 2019.</p> <p>Responsible Party: Recreation Division Supervisor</p> <p>Implementation Date: 07/01/2019</p>	<p>maintenance of documents. District Supervisors anticipate having staff trained by the end of June.</p>	
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4.1	<p>Management should consider having RecTrac 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 RecTrac.</p>	<p>We concur. Management is in full agreement with the recommendation.</p> <p>After ensuring that Information Technology (IT) had the capacity to accommodate RecTrac administration, management will outline a transition plan over the next several weeks, to include the delineation of “administrative rights” and as identified in our response to Recommendation 4.2. Additionally, given RecTrac’s integral role in sustaining PRM operations, it is Management’s belief that dedicated technical administration is required. The creation of a RecTrac Systems Analyst in the FY21 budget would enhance day-to-day support/user experience, identify and resolve issues and improve process efficiencies as online transactions grow.</p>	<p>Not Implemented</p> <p>This recommendation has not been implemented yet. Staff would like to update the implementation date to June 1, 2019.</p> <p>Revised Implementation Date: 6/1/2019.</p>	<p>Not Applicable – Audit report presented at January 24, 2019 Audit Committee meeting.</p>
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A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation

		<p>Responsible Party: Michael Gibson, PRM Director and Adrienne Thomas, Business Manager</p> <p>Implementation Date: 03/01/2019</p>		
4.2	<p>Management should review RecTrac user accesses to ensure users only have access for which there is a necessary business need. This should include but not be limited to determining if a necessary business need exists for the ability to change receipt and general ledger dates, drawers, and pay codes.</p>	<p>We concur. Management is in full agreement with the recommendation.</p> <p>Access will be updated for Recreation Division Supervisors to restrict access and the ability to change receipt and general ledger dates, drawers, and pay codes. This access will be updated by February 1, 2019 and remain with the Business Manager and Management Analysts only until PRM management can outline and implement a transition plan as identified in Management’s Response 4.1, to include collaborating with Finance management on the impact the process changes will have on the day-to-day operations.</p>	Implemented	<p>Not Applicable – Audit report presented at January 24, 2019 Audit Committee meeting.</p>

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		Responsible Party: Michael Gibson, PRM Director and Adrienne Thomas, Business Manager Implementation Date: 03/01/2019		
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