

**AUDIT SUBCOMMITTEE QUARTERLY MEETING MINUTES  
LAFAYETTE CONFERENCE ROOM, 1<sup>ST</sup> FLOOR  
CITY HALL, 433 HAY STREET, FAYETTEVILLE  
THURSDAY, OCTOBER 25, 2018  
3:00 P.M.**

**Committee Members Present:** Council Member Crisp  
Council Member Dawkins  
Darsweil Rogers, PWC Chairman  
Dr. Pamela Jackson

**Committee Members Absent:** Council Member Wright

**Others Present:**

**Staff Present:** Douglas J. Hewett, City Manager  
Alicia Young, Assistant City Attorney  
Telly Whitfield, Assistant City Manager  
Elizabeth Somerindyke, Internal Audit Director  
Rose Rasmussen, Senior Internal Auditor, Internal Audit  
Abby Cerniglia, Internal Auditor, Internal Audit  
Jay Toland, Interim Chief Financial Officer  
Gina Hawkins, Chief of Police  
James Nolette, Police Major  
Kim Toon, Purchasing Manager  
Gerald Newton, Development Services Director (Departed at 3:32 p.m.)  
Michael Martin, Deputy Development Services Director (Departed at 3:32 p.m.)  
Jennifer Ayre, Deputy City Clerk

**1. Call to Order**

Ms. Elizabeth Somerindyke, Internal Audit Director called the meeting to order at 3:05 p.m.

**2. Introduction of New Internal Audit Team Member**

Ms. Somerindyke introduced Ms. Abby Cerniglia the new Internal Auditor. Ms. Cerniglia came from Dixon Hughs and Goodman Accounting Firm in Pinehurst. Ms. Somerindyke welcomed Ms. Cerniglia to the City and the Committee.

**3. Approval of Agenda**

**MOTION:** Mr. Darsweil Rogers moved to approved the agenda

**SECOND:** Council Member Crisp

**VOTE:** UNANIMOUS (4-0)

**4. Approval of Minutes**

**June 26, 2018**

**MOTION:** Mr. Darsweil Rogers moved to approve the June 26, 2018 minutes.

**SECOND:** Council Member Dawkins

**VOTE:** UNANIMOUS (4-0)

## **5. Discussion of Appointment of Officers**

Ms. Somerindyke opened the floor for nominations of Chair and Vice Chair. Ms. Somerindyke provided background of the Audit Committee and the requirements. Council Member Crisp provided further details regarding the composition of the Audit Committee.

**MOTION: Council Member Crisp moved to appoint Darsweil Rogers as Chairperson for the Internal Audit Committee**

**SECOND: Dr. Pamela Jackson**

**VOTE: UNANIMOUS (4-0)**

**MOTION: Mr. Darsweil Rogers moved to appoint Johnny Dawkins as Vice Chairperson for the Internal Audit Committee**

**SECOND: Council Member Crisp**

**VOTE: UNANIMOUS (4-0)**

## **6. Amendment to Audit Committee By-Laws**

Ms. Somerindyke presented this item. Ms. Somerindyke stated the originally adopted by-laws state the “The Mayor shall serve as the Chairperson.” It was discussed that the Mayor will not always be on this committee and the by-laws need to reflect that possibility.

Changes to consider: Under Article III, Section 1. Enumeration of Officers the sentence “The Mayor shall serve as the Chairperson” to be stricken from the by-laws to eliminate the Mayor as Chairperson.

**MOTION: Council Member Crisp moved to adopt the proposed change to Article III, Section 1 of the by-laws to eliminate the Mayor as Chairperson**

**SECOND: Council Member Dawkins**

**VOTE: UNANIMOUS (4-0)**

## **7. Request Special Meeting for the purpose of RSM presenting the FY2017-2018 Financial Audit**

Mr. Jay Toland, Interim Chief Financial Officer requested the committee approve calling a special meeting on December 6, 2018 to hear the FY2017-2018 Financial Audit from the contracted auditing firm, RSM. Mr. Toland stated the agenda packet will be provided by November 30, 2018.

**The committee were in agreement to hold a special meeting for the purpose of RSM presenting the FY2017-2018 Financial Audit on December 6, 2018 at 6 p.m.**

## **8. Quarterly Management Implementation Status Report**

### **a. Permitting and Inspections Audit update**

Council Member Crisp provided background on the 37 issues found in Permitting and Inspections.

Mr. Gerald Newton, Development Services Director stated Development Services Assistant Director, Michael Martin have been working on the items presented since he arrived in the department.

Mr. Michael Martin, Assistant Development Services Director presented this item. Mr. Martin stated the department originally operated under a different business model and recently began transitioning from a paper type review in Cityworks into an online platform. Mr. Martin stated the recommendations from Internal Audit were excellent in helping building the framework and foundation for more efficient and effective processes. The department is now utilizing a digital planning review system and are in the process of implementing an online permitting system. The only item outstanding is a digital scheduling system (Finding 9.3).

Mr. Martin stated out of the 35 findings, 34 have been implemented and 1 partially implemented. Council Member Crisp asked for the date of when the partially implemented item will become fully implemented. Mr. Martin stated he expects in 3-5 months there will be at least an online scheduling beta system ready.

Discussion ensued.

Council Member Crisp thanked Mr. Newton and Mr. Martin for all they have done.

Ms. Somerindyke stated that usually the Quarterly Management Implementation Status Report is for information purposes only. Development Services requested to speak to provide an update to the Committee on where they were in implementation of their items as the original implementation deadline was September 30, 2018.

Discussion ensued.

## **9. Internal Audit Activities**

### **a. City-wide Travel and Training Compliance Audit Follow-up (A2017-01F)**

Ms. Somerindyke presented a PowerPoint presentation for this item. Ms. Somerindyke stated Internal Audit originally performed a travel and training audit in 2017 then provided recommendations to improve travel and training oversight. The objective of the follow-up audit was to ensure the recommendations provided to management had been implemented. Ms. Somerindyke stated the Airport, Information Technology and the City Manager's Office were selected for review. Three findings were originally notated in the first audit. The follow up audit reviewed each finding.

Finding 1, Travel and training expenditures were not always in compliance with applicable policies. This finding has been partially implemented.

Finding 2, Resources were not always used in the most cost-effective manner. This finding has been partially implemented.

Finding 3, Sales tax was not always recorded correctly. This finding has been partially implemented.

Discussion ensued.

**MOTION: Council Member Dawkins moved to accept the City – Wide Travel and Training Compliance Audit Follow – up**

**SECOND: Dr. Pamela Jackson**

**VOTE: UNANIMOUS (4-0)**

**10. Other Business**

Ms. Somerindyke presented these items with a PowerPoint presentation.

**a. Annual Audit Plan Proposed Engagements for FY2019**

The new Audit Projects for 2018-2019 include:

- Body Cam Policy Compliance
- Off Boarding Access Rights
- Solid Waste Fees for Multi-Family
- WEX Gas Cards
- Code Enforcement Violation Enforcement
- Police Department Confidential Funds

Discussion ensued.

**MOTION: Council Member Crisp moved to approve the Annual Audit Plan Proposed Engagements for FY2019**

**SECOND: Dr. Pamela Jackson**

**VOTE: UNANIMOUS (4-0)**

**b. Internal Audit Annual Report FY2018**

**MOTION: Council Member Crisp moved to accept the Internal Audit Annual Report FY2018**

**SECOND: Council Member Dawkins**

**VOTE: UNANIMOUS (4-0)**

**c. Nominate Presenter for Audit Committee Annual Report to City Council**

Mr. Darsweil Rogers will present the Audit Committee Annual Report to City Council.

**11. Adjournment**

There being no further business, the meeting adjourned at 4:21 p.m.

Respectfully submitted,

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JENNIFER L. AYRE  
Deputy Clerk  
102518

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DARSWEIL ROGERS  
Chairman