

**AUDIT SUBCOMMITTEE QUARTERLY MEETING MINUTES  
LAFAYETTE CONFERENCE ROOM, 3<sup>RD</sup> 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,

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METOYA SCOTT  
Sr. Administrative Assistant  
013019

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WILLIAM CRISP  
Council Member, District 6

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