

**AUDIT COMMITTEE QUARTERLY MEETING MINUTES
LAFAYETTE CONFERENCE ROOM, 1st FLOOR
CITY HALL, 433 HAY STREET, FAYETTEVILLE
WEDNESDAY, AUGUST 8, 2019
3:00 P.M.**

Committee Members Present: Darsweil Rogers, PWC Chairman (Via telephone)
Council Member Dawkins
Council Member Crisp
Council Member Larry Wright (Arrived at 3:27 p.m.)
Amy Samperton, FTCC Director of Procurement & Equipment

Committee Members Absent: Dr. Pamela Jackson, FSU Provost

Others Present:

Staff Present:

Douglas Hewett, City Manager
Karen McDonald, City Attorney
Telly Whitfield, Assistant City Manager
Elizabeth Somerindyke, Internal Audit Director
Rose Rasmussen, Senior Internal Audit
Jay Toland, Interim Chief Financial Officer
Gerald Newton, Development Services Director
Kim Toon, Purchasing Manager
Hieu Sifford, Deputy Fire Chief
Michael Gibson, Parks, Recreation, and Maintenance Director
Jennifer Ayre, Deputy Clerk

1.0 Call to Order

Council Member Dawkins called the meeting to order at 3:01 p.m.

2.0 Approval of the Agenda

MOTION: Council Member Crisp moved to approve the agenda.

SECOND: Ms. Samperton

VOTE: UNANIMOUS (4-0)

**3.0 Approval of the Minutes
May 2, 2019**

MOTION: Council Member Crisp moved to approve the minutes from the May 2, 2019 meeting.

SECOND: Ms. Samperton

VOTE: UNANIMOUS (4-0)

4.0 Internal Audit Activities

4.01 Code Violation Enforcement and Collections Audit (A2019-06)

Ms. Rose Rasmussen, Senior Internal Auditor stated a performance audit was completed for Chapter 14: Homes, Dwellings and Buildings; Chapter 16: Motor Vehicles and Traffic; and Chapter 22: Solid Waste. The Audit was approved in the FY19 Audit Plan. Ms. Rasmussen stated development services provides enforcement of housing and nuisance code violations. The objective of the audit was to determine if the code enforcement penalties and abatement costs were properly and completely imposed following established City fees, and if internal controls were sufficient regarding the civil penalties. The scope of time reviewed was January 1, 2018 – May 15, 2019.

Finding 1: Current written policies and procedures were not all inclusive causing inconsistent enforcement of City Code violations.

Ms. Rasmussen stated the Internal Audit Department did find written policies and procedures, however, they were not comprehensive enough to provide clear guidance on all processes within code enforcement. Because enforcement is looked at on a case-by-case bases there was inconsistent enforcement. Ms. Rasmussen also stated there were differences between cases when re-inspections were completed. The Internal Audit Department recommended the following: 1) Develop comprehensive policies and procedures that provide consistent code enforcement; 2) Ensure personnel are trained on policies and procedures; and 3) Develop a documented quality review program to ensure compliance with comprehensive policies and procedures. Management concurred with the recommendations.

Finding 2: Processes were not always in compliance with the City Code of Ordinances and adopted fee schedule

Ms. Rasmussen stated in April of 2011, the City Attorney's office provided a proposal to improve code enforcement collections and the proposal was to allow for realistic penalties while stopping exorbitant penalties. This proposal was put into practice however the City Code of Ordinance were not updated to match current practices. City Code does not provide a maximum amount of days the City can issue a violation and each day is considered a new violation. Current practice states if the owner abates the issue prior to being sent to collections, the owner is charged for 1 day. If it is abated after it is sent to collections the owner is charged for 10 days. Mr. Doug Hewett, City Manager stated if the violation is not abated the City can send it to Environmental Court. If current practice is the best option, Council needs to adopt an ordinance to update the City Code.

Discussion ensued.

The Internal Audit Department recommended the following: 1) Development Services management should coordinate with the City Attorney's office to update the City Code of Ordinances as deemed necessary and ensure comprehensive policies and procedures are in agreement. Any updates to the City Code of Ordinances should ensure compliance with North Carolina General Statute; 2) Management should obtain written guidance from the City Attorney's office for the enforcement of code violations that deviate from the standard code enforcement cases; 3) Management should develop a process for reviewing the City's Code of Ordinances, as it pertains to code enforcement, to ensure updates are made as necessary. Management concurred with the recommendations.

Discussion ensued.

Finding 3: Financial oversight for code violation enforcement and collections needed improvement.

Ms. Rasmussen stated several reconciliations were completed to verify if abatement and administration fees were levied and collected. Based on the reconciliations sometimes abatement costs were waived or reduced without policy or procedures allowing for it and civil penalties were insufficiently tracked to include reporting to collections. The Internal Audit Department recommended Development Services management should coordinate with the Finance Department to develop comprehensive policies and procedures regarding the assessment and collections of abatement costs, civil penalties, and administrative fees. Management concurred with the recommendation. Mr. Gerald Newton, Development Services Director stated he and Mr. Jay Toland, Chief Financial Officer are already working on addressing the issue since the beginning of 2019.

Discussion ensued.

MOTION: Council Member Wright moved to accept the Code Violation Enforcement and Collections Audit (2019-06)

SECOND: Ms. Samperton

VOTE: UNANIMOUS (5-0)

5.0 Quarterly Management Implementation Status Report

This item was for information only and not presented.

Council Member Crisp thanked Mr. Gerald Newton for resolving the final finding from 2016 for permitting and inspections.

Council Member Wright asked if the WEX Fuel Cards findings have been resolved. Deputy Fire Chief Hieu Sifford stated the Fire Department has implemented a monthly log policy and the first set of statements for July were received this month for review.

6.0 Adjournment

There being no further business, the meeting adjourned at 3:47 p.m.

Respectfully submitted,

JENNIFER AYRE
Deputy Clerk
08082019

DARSWEIL ROGERS
Chairman