



Audit Committee Meeting  
August 5, 2021 @ 3:00pm  
Virtual Meeting  
Via Zoom

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**AGENDA**

1. Call to Order
2. Approval of Agenda
3. Approval of Meeting Minutes
4. Accounts Payable Timeliness Audit update (*Presented by: Jay Toland, ACM*)
5. Internal Audit Activities (*Presented by Internal Audit staff*):
  - a. WEX Fuel Card Follow-up - Police (A2019-05F2)
  - b. Wireless Communication Usage (A2021-02)
6. Management Reports (*Informational Purposes Only*)
  - a. Quarterly Management Implementation Status Report
7. Adjournment

Attachments:

- a) Draft Meeting Minutes – April 22, 2021
- b) Accounts Payable Timeliness Audit update
- c) WEX Fuel Card Follow-up - Police (A2019-05F2)
- d) Wireless Communication Usage (A2021-02)
- e) Quarterly Management Implementation Status Report 4<sup>th</sup> Quarter FYE21

AUDIT COMMITTEE MEETING  
 April 22, 2021 @ 3:00 PM  
 St. Avold Conference Room and Via Zoom

Council Members Present: Council Member Dawkins, Chair  
 Council Member Kinston

Committee Members Present: Mr. Ron O'Brien  
 Ms. Amy Samperton, Vice-Chair

Staff Present: Ms. Elizabeth Somerindyke, Internal Audit Director  
 Ms. Rose Rasmussen, Internal Audit Staff  
 Ms. Amanda Rich, Internal Audit Staff  
 Mr. Jay Toland, Interim Assistant City Manager, Chief Financial Officer  
 Chief Gina Hawkins, Fayetteville Police Department  
 Assistant Chief James Nolette, Fayetteville Police Department  
 Mr. Dwayne Campbell, Chief Information Officer  
 Dr. Jerry Newton, Development Services Director  
 Ms. Jody Picarella, Accounting Manager  
 Ms. Andrea Tebbe, Executive Assistant to the City Council

Other Attendees: Ms. Rhonda Haskins, PWC

**1. Call to Order**

- CM Dawkins called meeting to order at 3:03 PM

**2. Approval of Agenda**

**MOTION:** Ms. Amy Samperton made motion to approve agenda with the addition of item 7.1

**SECOND:** CM Kinston

**VOTE:** Unanimous (3-0)

**3. Approval of Minutes**

**MOTION:** CM Kinston made motion to approve minutes

**SECOND:** Ms. Samperton

**VOTE:** UNANIMOUS (3-0)

**4. Selection of Independent Auditor-** presented by Mr. Jay Toland

- a. RFP sent 2/10/21
- b. Received 2 proposals March 2, 2021
  - i. Cherry Bekhart- scored 93.7% Cost \$398,500
  - ii. PM Mares- scored 94.36% Cost \$407,000
- c. Request committee recommendation of PB Mares to City Council
- d. Ms. Samperton asked who was part review and recommendation team? Ms. Haskins, from PWC answered 3 City staff and 2 PWC Staff

- e. Ms. Somerindyke stated both were great firms and she would defer to Ms. Haskins

Discussion ensued

**MOTION:** Ms. Amy Samperton made motion to recommend PB Mares as Independent Auditors for the City of Fayetteville to the City Council

**SECOND:** Mr. Ron O'Brien

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

5. Internal Audit Activities

5a. Property and Evidence Follow-Up

**Objective and Scope**

- Original audit report issued June 2018 identified 12 findings and 32 recommendations;
- Department reported the agreed upon recommendations were fully implemented on January 23, 2020;
- Audit plan for FYE21 approved the Evidence and Property Management Follow-up audit; and
- Improvements to safeguarding, information systems, and compliance
- Determine if original audit recommendations had been implemented by management;
- Reviewed electronic files and documents; and
- Active and disposed evidence and property RMS reports from July 2020 through December 2020.
- COVID created scope limitation by not allowing for on-site fieldwork

**Audit Results- Safeguarding**

- 11 recommendations provided opportunities for improving security and control of property and evidence
- 5 were implemented by (1) expanding, reorganizing and streamlining disposal process to reduce inventory levels; (2) locating items; (3) management oversight of audit results; (4) considering quarterly audits; and (5) acquiring a fireproof safe for high risk items
- 2 were *partially implemented* by (1) drafting departmental procedures but had not finalized and performed the currency inventory; and (2) working cameras were observed but not used where high risk property and evidence were maintained
- 2 were *not implemented*. Audits did not consist of the required significant representative sampling
- 2 related to timely submission of items and quality reviews *could not be validated* by Internal Audit due to the COVID restrictions.

**Audit Results- Information Systems**

- 3 recommendations provided opportunities for improving data integrity and software capability
- 2 related to data integrity and software capability *could not be implemented*. Requirements to implement the recommendations were (1) costly and funding was not

available and (2) the software did not have the capability. Mitigating controls were considered due to lack of software functionality and will be implemented

- 1 related to updating converted data upon disposal *could not be determined* due to audit scope

### **Audit Results- Compliance**

- 14 recommendations identified areas in which operating procedures were not followed or lacked clarity to ensure compliance, to include updated training
- 1 was implemented by establishing a process if property and evidence is designated as missing. Formalized procedures are still recommended
- 7 were partially implemented by drafting departmental procedures but had not finalized and released to personnel for implementation
- 4 were not implemented. Draft departmental procedures did not address the expectation when describing property and evidence, database fields and coding consistency, review of user access rights; and updating training requirements
- 2 related to registering and returning qualified weapons to rightful owners could not be validated by Internal Audit due to COVID restrictions

### **Conclusion**

- Efforts to implement are in process;
  - Procedures finalized and released – 7
  - Currency procedures finalized and inventory – 1
  - Camera use in high risk areas – 1
  - Training created and implemented – 4
  - Audit significant sampling – 2
- Restrictions due to COVID follow-up; and
- Remain open and continue to monitor significant findings and recommendations

CM Kinston asked What is camera recoding life cycle? Assistant Chief Nolette responded – remote server through Holmes Security 30 days- 6months. Chief Hawkins will verify

Cm Kinston asked about disposal of evidence or property? Chief Hawkins responded; A court order is required

Ms. Samperton discussed the possibility of working with Gunsmith program at FTCC

Items/areas unable to be audited due to COVID will be reconsidered after the pandemic

Staff asks the Audit Committee to consider and accept the Evidence and Property Management Follow-up Audit

**MOTION:** Mr. Rob O'Brien moved to accept the Evidence and Property Management Follow-up Audit  
**SECOND:** Ms. Amy Samperton  
**VOTE:** UNANIMOUS (4-0)

## **5b. Permitting and Inspections Follow-Up Audit**

### **Background**

- Original audit report issued October 2016 identified 35 findings and 61 recommendations;
- Department reported fully implemented August 8, 2019;
- Audit plan for FYE19 approved the Permitting and Inspections Follow-up audit;
- Due to significant change in management since original audit new management reassessed implementation statuses; and
- Improvements to information systems, compliance, training and quality reviews and ongoing monitoring

### **Objective and Scope**

- Determine if original audit recommendations had been implemented by management;
- Reviewed electronic files and documents; and
  - Permits issued from July 2019 through June 2020
- COVID Pandemic created scope limitation by not allowing for on-site fieldwork

### **Audit Results- Information Systems**

- 13 recommendations provided opportunities for improving data integrity, software capability (Cityworks), oversight and access
- 8 were implemented by (1) considering a specialized software audit; (2) maximizing use of scheduler function; (3) addressing modified by and check marks; (4) creating standard reports; (5) configuring automatic permit status updates; (6) configuring notice to permit holder of permit expiration; (7) developing controls to verify address and PIN of location; and (8) updating workflows
- 1 related to restricting user access was partially implemented. Access had been restricted for inspections but not fees
- 4 unable to implement (1) determining data integrity issues from updates; (2) printing CO and CC prior to final inspection; (3) creating duplicate permits; and (4) backdating inspections

### **Audit Results-Compliance**

- 29 recommendations identified areas in which formal written departmental policies and procedures did not exist and updates of City Code were needed to comply with NCGS and State Building Codes

- 27 were implemented by updating City Code and creating formal policies and procedures. Policy elements were not tested by Internal Audit
- 1 on formal processes to collect performance information was partially implemented due to unreliable reports
- 1 related to enhancements and consistency of fee schedule was partially implemented by making incremental changes and updating permit applications. However, fees errors were still identified, and a follow-up audit on this finding will be included on the FY 2021-2022 Audit Plan

#### **Audit Results- Training**

- 8 recommendations identified areas in which training would further support the accomplishment of duties and responsibilities. Internal Audit did not test if personnel training needs were met
- 8 were implemented which included distributing guidelines and training through PowerDMS on (1) Cityworks; (2) cash receipting; (3) issuing refunds; (4) processing fees; (5) documenting inspections; (6) calculating and validating square footage; and (7) call back fees. In addition, (8) routine customer training was addressed through training videos and informational emails automatically sent upon permit issuance.

#### **Audit Results- Quality Reviews and Ongoing Monitoring**

- 5 recommendations identified areas in which quality reviews and ongoing monitoring would assist in achieving departmental objectives
- 1 related to a review process for daily cash receipting was implemented
- 2 had a status of not implemented due to the need to (1) create quality review documentation and (2) conduct quality reviews on workflows to include inspections documented as 'NA'
- 2 had a status of unable to determine due to COVID Pandemic restrictions on-site fieldwork was not conducted for a (1) self-assessment and (2) quality reviews on fees

#### **Conclusion**

- Efforts to implement are in process,
  - Updating user access relating to fees,
  - Documenting of quality reviews,
  - Self-assessment;
- Restrictions due to COVID-19; and
- Remain open and continue to monitor significant findings and recommendations

Mr. O'Brien expressed concerns with CityWorks upgrade and converting to new system

Dr. Newton stated a thank you to Internal Audit staff and stated the Public Services Department is continually improving

Staff asked the Audit Committee to consider and accept the Permitting and Inspections Follow Up Audit

**MOTION:** Mr. Ron O'Brien made motion to accept the Permitting and Inspections Follow-Up Audit

**SECOND:** Ms. Amy Samperton

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

**6. Internal Audit Status update- Presented by Elizabeth Somerindyke**

- Discuss projects and other Internal Audit activities
  - Wireless Communication Usage
  - Police Department Confidential Funds
  - WEX Fuel Cards Follow-Up (Police)
  - Annual Proxy Cards Review

**7. Management Reports- Informational purposes only**

- a. Change July meeting to August 5, 2021

**8. Adjournment**

- CM Kinston made a motion to adjourn meeting at 4:30 PM

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Council Member Johnny Dawkins, Chair

ATTEST:

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Andrea Tebbe, Executive Assistant to the City Council



## MEMORANDUM

Date: August 5, 2021

To: Audit Committee Members

From: Elizabeth Somerindyke, Internal Audit Director

RE: Update to Audit Committee  
Accounts Payable Timeliness A2020-02

In accordance with the Fiscal Year 2020 Audit Plan, Internal Audit conducted an audit of the timeliness of accounts payable (AP) processing. The purpose of the audit was to determine if adequate internal controls were in place to process payments in an efficient and timely manner.

The Office of Internal Audit presented the Accounts Payable Timeliness report on January 28, 2021 resulting in the following directions from the Audit Committee:

### Meeting Minutes

#### Item 6b. Accounts Payable Timeliness (A2020-02):

Finding #1: Performance measures and policies for the timely payment of invoices had not been established.

Finding #2: ACH processing lacked internal controls.

- Committee instructed staff to reduce payout days from 75 to 60 days
- Finance will present report showing average payment turn around has been reduced to 60 days
- Audit Committee will continue review and make additional recommendations
- April meeting is not in timeline for Mr. Toland to make changes and provide a report. Mr. Toland will provide update and report in August 2021
- Finance now has ACH option and implemented the control recommended and created a review process

MOTION: Mr. Ron O'Brien made motion to accept Accounts Payable Timeliness Audit, to include creating a policy within 60 days and then begin an implementation process after August 2021 meeting. Policy was to be coordinated through Internal Audit and the leadership team.

SECOND: Ms. Amy Samperton

VOTE: UNANIMOUS (4-0)

Attachment: Requested updated from Assistant City Manager Jay Toland





To: Elizabeth Somerindyke, Internal Audit Director  
From: Jay Toland, Assistant City Manager/Chief Financial Office  
Date: July 28, 2021  
Re: Accounts Payable Timeliness Audit

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Please see the attached draft policy and reconciliation of the new draft policy to the previous audit findings. Staff found policies from 10 similar organizations and incorporated those concepts into this draft policy. Many local governments do not have policies for the actual timeliness of accounts payable.

Within the draft policy there is a vague mention of or definition of timeliness. This and tweaking the actual processes that are defined in the policy are the final pieces to the policy and staff is finalizing as they work with the heavy user departments. This should be finalized by Friday August 6, 2021.

**CITY OF FAYETTEVILLE, NORTH CAROLINA**  
**ACCOUNTS PAYABLE POLICY**

**PURPOSE**

The purpose of this policy is to create clear guidelines for the processing of vendor payments and to establish strict internal controls over the disbursement process. It is the City of Fayetteville's ("**the City**") policy to make accurate and timely payments. This includes all payments on invoices, purchase orders, contractor payments, check requests, and reimbursements. Before making any payment, the City shall work to ensure that:

1. Disbursements are properly authorized.
2. All the required documentation is included.
3. Invoices are processed in a timely manner.
4. Vendor credit terms and operating cash are managed for maximum benefits

It is the policy of the City to consistently and accurately process fully supported and documented payments in a timely manner so that vendor terms are honored and so that the City may take advantage of all favorable discounts.

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## **1. PAYMENT PROCESSING**

In order to process a payment the City reviews each payment to ensure that the payment is accompanied by adequate supporting documentation and is in compliance with City policy.

### **A. Supporting Documentation**

All supporting documentation—including but not limited to invoices, statements, vouchers, contractual agreements, and receiving reports—will be reviewed by the Chief Financial Officer or his/her designee. Expenses will also be reviewed for assurance that they are being paid from the proper account. In order for a payment to be processed, it must be supported by proper supporting documentation. This includes:

1. Invoice (Which includes the payee name, address, and the City's purchase order number)
2. Proper obligating document (purchase order or contract/lease),
3. Confirmation that the goods or services have been received (see Section 6)

If the invoice received does not have a purchase order (PO), the Finance Office will send the original invoice to the respective department for them to process the requisition. However, all purchases should first obtain a purchase order and should be processed through the requisition system.

### **B. Compliance**

All payments require that goods or services were purchased in accordance with City's Procurement Policy. Any purchases that were not executed in compliance with policy could violate state or federal law and may not be paid. Exceptions must be approved by the Chief Financial Officer or his/her designee.

## **2. VENDOR SETUP**

The IRS requires the City to obtain an individual's correct taxpayer's identification number or social security number (individuals) and certification that the payee is not subject to backup withholding. To protect the City and to meet requirements for the IRS, individuals must complete the IRS W-9 to verify their information. This also would apply to individuals who receive payments for providing services.

### **A. Collecting Vendor Information**

1. Each City department must request that any new vendor to complete and mail in Internal Revenue Service (IRS) Form W-9. When the Department receives this form, the Finance Department will enter the new vendor information into the accounting system.
2. The Department will not be able to create a requisition for a purchase order (PO) until the vendor is set up in the system. This process applies to individuals, companies and corporations.

### **B. Procurement of Goods and Services**

1. For most goods services, the vendors information will be collected during the procurement process. If the City's Procurement Policy is followed, all vendor information shall be collected at the time the obligation is created, and long before any payment is due.

### **C. Check Requests and Purchases Not Requiring a Purchase Order**

1. For purchases that do not require the use of a purchase order, the Finance Office may not become aware of the vendor until the time of payment. In these cases, payment requests should include:
  - Completed W-9
  - Supporting documentation for the payment request
  - Copy of Contract, if applicable

- Certificate of Insurance, if applicable

### **3. DEPARTMENT RESPONSIBILITY**

The City's Finance Department is the mechanism by which the City's vendors are paid. However, each department has important responsibilities that are prerequisites to any payment. It is the responsibility of each Department:

- to ensure invoices reach the Accounts Payable office in a timely manner.
- to ensure supporting documentation (Section 1.A) accompanies each request for payment.
- to ensure that goods and services were procured in accordance with City's Procurement Policy.

If proper documentation is not included with the request for payment, Accounts Payable will not process payment and the documentation will be returned and/or the department will be notified to provide proper paperwork.

Authorized departmental approval is required. Any documentation without the appropriate evidence of approval will be forwarded back to the originating department for compliance.

### **4. PAYMENT DISCOUNTS**

To the extent practical, it is the policy of the City take advantage of all prompt payment discounts offered by vendors. When availability of such discounts is noted, and all required documentation in support of payment is available, payments will be scheduled so as to take full advantage of the discounts.

### **5. ADVANCE PAYMENT TO VENDORS**

Goods and services provided to City of Fayetteville are paid after the receipt of such goods and services.

Advance payments are not allowed and shall be except in rare and/or emergency circumstances. Exceptions to this requirement must be approved, in writing, by the Chief Financial Officer.

### **6. RECEIPT OF GOOD AND SERVICES:**

#### **A. General Requirements**

Each department is responsible for declaring receipt of goods or services to demonstrate that the goods or services were recorded and counted. Each department is responsible for receipting of goods services via one of the following methods:

- signed packing slip
- signed purchase order
- written (or electronic) communication to finance acknowledging receipt and authorization of payment
- electronic receipt through JD Edwards

If proper documentation is not included with the request for payment, Accounts Payable will not process payment and the documentation will be returned and/or the department will be notified to provide proper paperwork.

#### **B. Receipt of Goods and Packing Slips**

If goods are delivered directly to the requesting office and the purchaser receives the goods and packing slip, the packing slip should be signed indicating receipt of goods. The signed packing slip and/or purchase order should be scanned and emailed to Accounts Payable Office.

**C. Incomplete or Defective Delivery**

If the goods received do not conform to the standard needed to do the job intended and need to be returned, the requestor should contact the vendor to inform them of the need to return and obtain a Return Authorization Number. The requesting office should repackage the goods and place the return address label on the package the package should be returned to the vendor.

After the order has been received by the vendor, employees should notify the Purchasing Office and have the purchase order modified or voided.

**7. SEGREGATION OF DUTIES**

To ensure appropriate internal controls and to limit the risk of fraud, the following duties are generally performed by separate staff employees:

- Receiving and invoice processing.
- Invoice processing and making general ledger entries (except for corrections).
- Invoice processing and check signing.
- Check approval and any of the aforementioned duties.

**8. PAYMENT FREQUENCY, DEPARTMENTAL SUBMISSION & PROCESSING TIMELINES**

As stated previously, it is the intention of the City to pay all invoices in a timely manner and take advantage of all favorable discounts. At a minimum, the City shall pay all invoices within 75 days of the invoice date. In order to accomplish this, it is critical that the City be made aware of outstanding invoices immediately upon receipt by a department.

**A. Departmental Submission & Processing Deadlines**

Regardless of invoice due dates, the City's Finance Office will only operate in manner that allows appropriate time for appropriate due diligence and review of payment requests. As such, the City will establish a regular and recurring payment cycle by which payments. This payment cycle will include:

1. Payment days (or dates) and frequency.
2. Submission deadline for payments to be included in 8.1.

The submission deadlines established in Section 8.2 of this policy represent deadlines for invoices that are accompanied by all required supporting documentation and approvals. If invoices or payment requests are missing supporting documentation, the Finance Office will engage in communication with the department until the payment is adequately supported. Once complete, the payment will be included in the next scheduled payment cycle.

*Example: All payment requests that are received, approved and supported with proper documentation by Tuesday at noon shall be recorded as accounts payable for the week and will be paid on Friday of the same week.*

**B. Authority**

The Chief Financial Officer shall determine the payment cycle and associated schedule outlined in Section 8.A.

**9. TAX REPORTING POLICY**

The City is accountable to the Internal Revenue Service and the North Carolina Department of Revenue for payments made for services rendered by outside personnel. It is the policy of the City to follow all applicable law and regulations that are applicable.

**A. 1099 Miscellaneous Tax**

The City is required to file a 1099-MISC form with the IRS (due February 28) and NC Department of Revenue and payee (due January 31) for each vendor (payee) paid the following amounts:

1. Rents of \$600.00 or more
2. Any Royalties of 10.00 or more
3. Other income of \$600.00 or more
4. Non-employee compensation of \$600.00 or more

**A. NC 4% Withholding**

1. 4% NC withholding on nonresident personal services

North Carolina GS 105-163.1 and GS 105-163.3 requires income tax to be withheld at the rate of 4% from payments of more than \$1,500.00 paid during a calendar year to nonresident individuals or nonresident entities for personal services performed in North Carolina in connection with a performance, an entertainment or athletic event, a speech, or the creation of a film, radio, or television program. Additionally, NC requires income tax to be withheld at the rate of 4% from payments of more than \$1,500.00 paid during a calendar year to ITIN contractors for services provided within the State.

2. Examples of Services Subject to 4% withholding:

- Performances
- Concerts/entertainment
- Athletic Event
- Speeches - (includes any speech that amuses, entertains, or informs is subject to the withholding requirement. This includes instructors at seminars that are open to the public for an admission fee or are for continuing education. (See FAQ link regarding withholding on nonresident payments).
- Creation of a film, radio or TV program
- All services performed by an ITIN holder/contractor

3. Who is subject to the NC 4% withholding:

- Nonresident Contractors
- Nonresident Entities
- ITIN Holders

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2020-2021 (3<sup>rd</sup> Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date	Addressed in New Policy Section #
	<b>Recommendation</b>	<b>Management Response</b>	<b>Management Follow-up Response – April 22, 2021</b>	<b>Management Follow-up Response – January 28, 2021</b>	
<b>A2020-02 Accounts Payable Timeliness Audit</b>					

1.1	Establish and monitor policies and key performance indicators (KPI) for the timely payment of invoices.	<p>Management will define timely payment of invoices as 75 days from invoice date. We recognize that Net 30 is widely considered standard payment terms but due to decentralized operations, we will work toward Net 30 as a future aspirational goal. Policies will be updated to reflect the 75 day period and a 75 day KPI will be launched to measure performance. The KPI will be measured monthly to ensure invoice payments are in line with goals and to identify areas of improvement.</p> <p><b>Responsible Party:</b> 1) Christine Pressley, AP Supervisor 2) Jay Toland, CFO</p> <p><b>Implementation Date:</b> 4/1/2021</p>		Not Applicable – Audit report presented at January 28, 2021 Audit Committee meeting.	<b>Purpose + Section 8</b>
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**Office of Internal Audit  
Quarterly Management Implementation Status Report  
Fiscal Year 2020-2021 (3<sup>rd</sup> Quarter)**

KEY Y	Not Implemented	Partially Implemented	Implemented	Past Implementation Date	Addressed in New Policy Section #
	Recommendation	Management Response	Management Follow-up Response – April 22, 2021	Management Follow-up Response – January 28, 2021	
<b>A2020-02 Accounts Payable Timeliness Audit</b>					

1.2	Modify or create a process for streamlining the receiving of invoices within individual departments in order to expedite vendor payments.	Accounts payable is a decentralized operation and Finance has limited control. However, we will use our authority to lead an effort for streamlining the receiving of invoices and improving the timeliness of vendor payments. Finance staff will resume enhanced departmental training following the pandemic. Training will highlight review of policy, policy updates and the importance of monitoring policy for compliance. Procedural reviews and a general reevaluation of the accounts payable process will be initiated. To ensure clarity we will discuss and determine accountability and responsibility for each task in the accounts payable process. Training will include a demonstration of established		Not Applicable – Audit report presented at January 28, 2021 Audit Committee meeting.	<p><b>Invoice Timeliness in Section 8</b></p> <p><b>Acknowledgment of Receipt of Goods/Services in Section 6</b></p> <p><b>Department responsibilities in Section 3</b></p>
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**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2020-2021 (3<sup>rd</sup> Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date	Addressed in New Policy Section #
	Recommendation	Management Response	Management Follow-up Response – April 22, 2021	Management Follow-up Response – January 28, 2021	
<b>A2020-02 Accounts Payable Timeliness Audit</b>					

		<p>KPIs in real-time to validate the effectiveness of the department’s efforts. Our goal is to encourage and promote a culture of appreciation and compliance with policies and procedures that will effectively improve the payment process.</p> <p><b>Responsible Party:</b> 1) Christine Pressley, AP Supervisor 2) Jay Toland, CFO</p> <p><b>Implementation Date:</b> 4/1/2021</p>			
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**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2020-2021 (3<sup>rd</sup> Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date	Addressed in New Policy Section #
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<b>A2020-02 Accounts Payable Timeliness Audit</b>					

1.3	Communicate all requirements and implementation methods to ensure compliance.	Management will communicate requirements and implementation methods by issuing updated policies, offering in-depth and all-inclusive training and through direct communication with departmental staff and management.  <b>Responsible Party:</b> Christine Pressley, AP Supervisor 2) Jay Toland, CFO  <b>Implementation Date:</b> 4/1/2021		Not Applicable – Audit report presented at January 28, 2021 Audit Committee meeting.	<b>The policy itself is helping with this recommendation</b>
2.1	Procedures in the Finance Department should be implemented to require an independent review of ACH payments after the information is uploaded and sent to the financial institution for payment.	A process is currently in place for independent review and matching of printed checks to system generated reports and source documents prior to mailing. The ACH payment review will be an addition to this process in order to		Not Applicable – Audit report presented at January 28, 2021 Audit Committee meeting.	

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2020-2021 (3<sup>rd</sup> Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date	Addressed in New Policy Section #
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<b>A2020-02 Accounts Payable Timeliness Audit</b>					

		<p>comply with and improve internal control.</p> <p><b>Responsible Party:</b> 1) Christine Pressley, AP Supervisor 2) Jay Toland, CFO</p> <p><b>Implementation Date:</b> 3/1/2021</p>			
2.2	<p>Personnel in the Finance Department, Accounts Payable Division should each have a unique token code for the financial institution when processing ACH payments.</p>	<p>Additional tokens have been ordered and employees will be assigned a unique token for creating unique authentication credentials. System access will be granted based on assigned roles.</p> <p><b>Responsible Party:</b> 1) Christine Pressley, AP Supervisor 2) Jay Toland, CFO</p> <p><b>Implementation Date:</b> 3/1/2021</p>		<p>Not Applicable – Audit report presented at January 28, 2021 Audit Committee meeting.</p>	



Date: August 5, 2021

To: Gina Hawkins, Chief of Police

From: Elizabeth Somerindyke, Internal Audit Director

Cc: Audit Committee  
Douglas J. Hewett, City Manager

Re: Follow-up 2 WEX Fuel Card Compliance Audit (A2019-05F2)  
Originally Issued May 2, 2019  
Follow-Up Issued January 28, 2021  
Follow-Up 2 Issued August 5, 2021

Based on direction from the Audit Committee, the Office of Internal Audit completed the second follow-up on the WEX Fuel Card Compliance Audit Report approved by the Audit Committee on January 28, 2021 (originally approved on May 2, 2019).

#### ***Objective and Scope***

Determine whether management implemented corrective actions to the audit recommendations reported by the Office of Internal Audit.

The scope of the audit follow-up was limited to 12 of the 13 recommendations still in progress for implementation. One recommendation was no longer applicable and therefore not included in the follow-up review. This approach included interviews with personnel and review of electronic files and documents, to include WEX fuel card reporting dated January 1, 2021 through May 31, 2021.

#### ***Background***

The original audit report, dated May 2019, had 17 recommendations. At the conclusion of the initial follow-up audit, dated November 24, 2020, Internal Audit determined the status of the recommendations to be the following:

Implemented	Partially Implemented	Not Implemented	Unable to Determine Status
4	4	8	1

The original reports can be found through the Office of Internal Audit website at:  
<https://www.fayettevillenc.gov/city-services/city-manager-s-office/internal-audit/internal-audit-reports>

#### ***Summary Results***

Overall, substantial progress was made related to the audit recommendations with 8 of 12 recommendations progressing to full resolution. The Police Department updated their WEX Fuel Card SOP on March 25, 2021 to include updates on the departmental monthly review, procedures for safeguarding fuel cards, and additional review requirements to ensure fuel card existence. The monthly review process included an evaluation of 8 WEX reports used to detect and follow-up on exceptions.

Internal Audit will continue to recommend the Police Department strengthen processes and controls for the 4 recommendations in progress:

- Ensure practices for the monthly reviews remains consistent to include the action taken for all exceptions. Use the monthly WEX report reviews to track cards for deactivation and ensure all fuel purchases outside of the guidelines within the City policy and the department's procedures are adequately addressed;
- Improve communication with the Finance Department to deactivate PINs for previous City employees, especially for those that did not go through the standard out-processing steps;
- Work with the Finance Department to confirm training is sent to all departmental employees, regardless of position, and is completed for new employees prior to assigning PINs; and
- Strengthen controls for fuel card deactivations to confirm that all cards assigned to decommissioned vehicles are returned and deactivated timely.

***Conclusion***

The Office of Internal Audit has concluded the WEX fuel card follow-up and expresses appreciation for the efforts demonstrated by departmental management which resulted in a significant number of recommendations progressing to full resolution.



Office of Internal Audit

**Compliance Audit 2021-02  
Wireless Communication Usage**

**August 2021**

**Director of Internal Audit**  
Elizabeth Somerindyke

**Senior Internal Auditor**  
Rose Rasmussen

**Internal Auditor**  
Amanda Rich



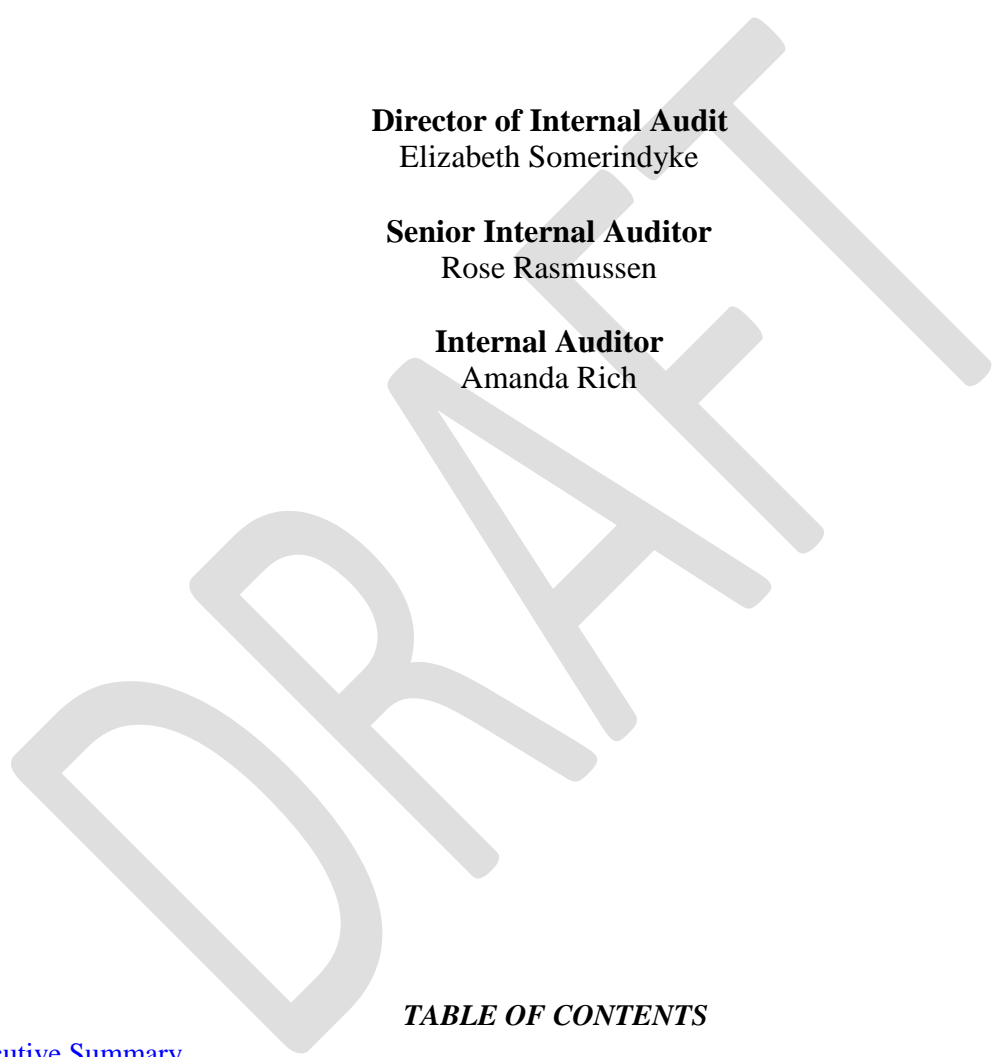
**OUR MISSION**

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**  
Amanda Rich



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[Internal Audit | Fayetteville, NC \(fayettevillenc.gov\)](#)

**Mailing Address: 433 Hay Street, Fayetteville, NC 28301**



## **EXECUTIVE SUMMARY**

In accordance with the Fiscal Year 2021 Audit Plan, Internal Audit conducted an audit of wireless communication usage. The objective was to assess the City’s wireless communication usage to identify areas of risk and opportunities for potential savings.

The scope of the audit was based on Verizon Wireless device usage from February 11, 2020 through March 10, 2021 for a total cost of \$878,217. The costs reflected cellular devices used across 15 City departments. The scope excluded the Verizon Wireless invoices for “machine to machine” in-vehicle routing solutions. On March 10, 2021 the City had a total of 1,590 active device lines (unique phone numbers) as described below:

<b>Device Type Categories*</b>	<b>Total # of Active Devices</b>	<b>Device Type</b>
Basic Cell Phones, Smartphones	549	Mobile phones that include phone calls (voice), text messaging and smartphones that also allow internet access (data)
Tablets, Laptops	841	Devices using internet access (data)
MIFIs, Global Modems, Mobile Routers	142	Devices (i.e., routers) used to provide WiFi internet access to devices with no cellular service
Other Devices	58	Fleetlink DVR devices used in the management of solid waste operations.
<b>TOTAL</b>	<b>1,590</b>	

*\* Device type was based off Internal Audit’s interpretation of the information available within the Verizon Wireless online reporting.*

The Information Technology Department contributed to the management of the City’s computer and communication systems and the use of information technology (IT) resources belonging to or provided by the City. The process of managing and distributing devices was also dependent on the efforts of City departments who were responsible to validate monthly cellular service charges and make the ultimate decisions on the type and quantity of cellular devices, excluding laptops, needed to efficiently and effectively complete their day-to-day operations.

The Office of Internal Audit noted improvement opportunities around the usage of wireless communication. The devices referred to throughout the report were only those connected to a service plan with Verizon Wireless. For detailed explanation of each of the findings please refer to the appropriate finding contained in the body of this Audit Report.

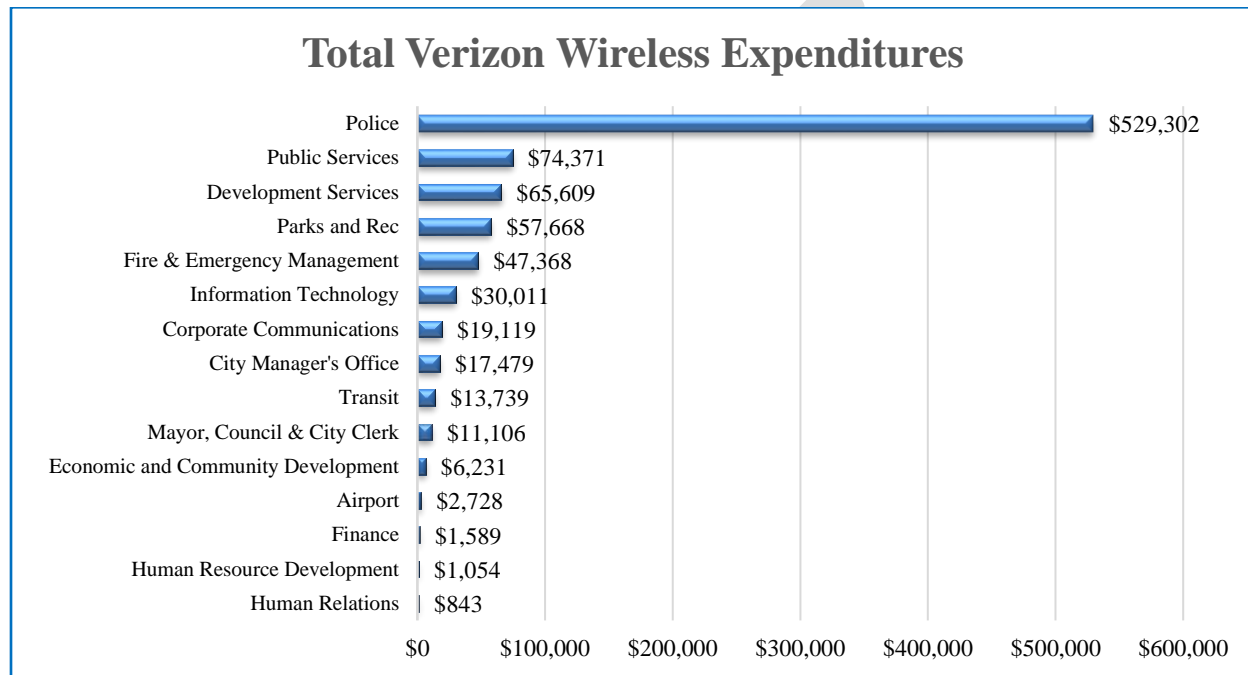
1. Improving management oversight related to cellular service plans could result in cost savings.
2. Inventory Management controls over devices associated with cellular services were not established.

## **BACKGROUND**

Under a convenience contract through the State of North Carolina, the City of Fayetteville was able to establish wireless communication accounts with Verizon Wireless. This allowed the City the ability to choose from a variety of service plans with the authorized vendor. Verizon Wireless plans comprised of numerous features at discounted rates to include equipment and accessories. In addition, Verizon offered specific service plans designed for National Security, Public Safety, and First Responders with priority network service and no data slowdowns.

Verizon Wireless was the City’s primary vendor for wireless services and was available for all City departments. As an alternative to a City device, eligible employees could opt to receive a monthly cell phone stipend. Verizon Wireless maintained a website, utilized by City management that detailed and summarized the City’s wireless activity to include monthly billing and device usage. It also provided City management with the ability to add and change service plans and purchase equipment and device accessories.

The City’s Verizon Wireless account was divided into 19 sub-accounts. The sub-accounts reviewed incorporated expenditures for 15 departments in which the City paid a total of \$878,217 during the audit scope. This total incorporated monthly cellular service fees, usage overage fees, equipment purchases, and applicable taxes and fees. The total does not include equipment and accessory purchases not billed through the account or purchased with an outside vendor. The amount paid by department is depicted below.



**AUDIT OBJECTIVES**

The objective was to assess the City’s wireless communication usage to identify areas of risk and opportunities for potential savings.

**AUDIT SCOPE**

The scope of the audit included device usage from February 11, 2020 through March 10, 2021. Internal Audit utilized detailed usage reports from the Verizon Wireless online business account in addition to reviewing invoices. Reports were used to determine data, messaging, and voice usage as well as monthly access charges for the selected plans, overage charges and equipment purchases. A total of 1,934 unique cellular device lines were reviewed to include: 1,590 active lines and 344 suspended or disconnected lines. Additionally, Internal Audit selected a 10% City-wide sample of 190 wireless lines, both active and disconnected, to determine the device’s location, existence, security and overall usage.

## AUDIT METHODOLOGY

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

- Reviewed City-wide policies and procedures related to wireless services;
- Interviewed personnel from City department's with Verizon wireless services;
- Inventoried a sample of devices for existence and accuracy of Verizon Wireless information;
- Reviewed invoices and associated documentation; and
- Considered the risk of fraud, waste and abuse.

### ***FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSES***

#### **Finding 1**

***Improving management oversight related to cellular service plans could result in cost savings.***

***Criteria:*** The City and its management have an obligation to be responsible stewards of taxpayers' money. Therefore, to maximize the efficiency of the City's resources, device services should be assigned and utilized in respect to the expected use of the device.

Additionally, oversight and accountability of the monthly bills should include evaluating the continued business need for devices with zero or significantly underutilized usage and ensuring service plans were cost efficient and aligned with contract pricing.

***Condition:*** The City had not established an oversight process, to include acceptable standards for managing device usage. Internal Audit reviewed Verizon Wireless reporting for zero and significantly underutilized device usage. Internal Audit defined underutilized usage as: voice minutes less than 10 minutes per month and/or data usage less than or equal to 1 gigabyte (GB) per month. Based on a review of the 1,590 active devices, 621 (39%) were considered to have either zero or underutilized usage, as described below:

Device Type*	# of Devices	Percent of Total Devices	Total Active Devices	Total Cost
Basic Cell Phones, Smartphones	51	9%	549	\$19,114
Tablets, Laptops	458	54%	841	\$106,826
MIFIs, Global Modems, Cradlepoints	57	40%	142	\$24,513
Other Devices	55	95%	58	\$18,688
<b>Total</b>	<b>621</b>	<b>39%</b>	<b>1,590</b>	<b>\$169,141</b>

*\*Device type was based off the information available within the Verizon Wireless online reporting.*

The City did not have guidelines on selecting cellular service plans. Therefore, the plans selected were not always the most cost effective.

- Plans used were not at the State contracted rates; and
- Plans varied based on the allowance of minutes, data and messaging causing additional monthly services fees and overages.

In addition, employees had multiple devices with cellular service plans versus activating mobile hotspots. Mobile hotspots were offered as an add-on to smart phone service plans. The cost of the hotspot ranged from \$5 - \$10 per month. Service plans for secondary devices started at \$37.99 per month resulting in a potential annual cost savings of \$336 per device.

Cause: Oversight and accountability of monthly bills to include an analysis of device usage was lacking. As a result devices with little or no usage were not temporarily suspended or deactivated.

Although some of the underutilized devices are necessary, such as devices assigned to public safety for emergency use, many devices appeared to remain active without a clear business need. In addition, employees were assigned multiple devices, all activated with a service plan, instead of using add-ons such as smartphone hotspots. Management had not performed a comprehensive review to determine cost-effective alternatives.

Effect: Without sufficient controls and oversight requirement, the City may expend City resources on underutilized devices and non-contracted cellular service plans. In addition, the City may be assigning devices to employees without a clear business need resulting in lack of use which could be suggestive of inefficient use of wireless resources.

### **Recommendation**

The Information Technology Department should:

1. Establish written guidelines that outline user department requirements for oversight and accountability. These guideline should include but not limited to:
  - Identify clear delineation of responsibilities related to the City’s wireless communication function within the Information Technology Department and applicable departmental personnel;
  - Monthly review of invoices for billing irregularity, overage charges, and zero and underutilized usage with actionable follow-up;
  - Documenting the business need for devices that must remain active regardless of usage;
  - Documenting management exceptions to City-wide standards for device distribution;
  - Timelines and reasons for the suspension and deactivation of cellular service plans; and
  - Utilizing Verizon Wireless hotspots in lieu of activating cellular service on multiple devices.
2. Assign devices to the appropriate contracted service plan prior to deploying the device to the assigned individual or department.

### **Management’s Response**

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.

IT provided oral communication to departments regarding expectation for the monthly review of invoices. This finding is due to no management oversight by departments. In order to fully implement this recommendation, we need to centralize management of all wireless/mobile devices, which would require one FTE to manage the entire fleet of assets. Full implementation is contingent upon approval of FTE and support/collaboration from departments.

Responsible Party: Chief Information Officer

Implementation Date: December 31, 2022

### **Finding 2**

***Inventory Management controls over devices associated with cellular services were not established.***

Criteria: The United States Government Accountability Office (GAO)<sup>1</sup> states that “creating an effective and cost-efficient government” required “useful, reliable, and timely information” that can be used daily by City Council, City management and other decision makers. The GAO further clarified a complete, accurate and reliable inventory allows decision makers to make “effective budgeting, operating, and financial decisions and to create a government that works better and costs less.”

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<sup>1</sup> <https://www.gao.gov/assets/660/651157.txt>

Additionally, pursuant to the City’s Information Technology Acceptable Use Policy #603, an inventory of devices to include device assignment should be maintained by Information Technology. The inventory should be inclusive to include all type of devices;

- Device assignments should be clear to ensure devices can be easily located; and
- Annual reviews of device distribution should be conducted and provided to department directors per Policy #603.

Condition: The City did not maintain a current and complete inventory of cellular devices resulting in devices that could not be located:

	# of Devices Sampled	# of Exceptions	Exception Rate
Active Devices	158	47	30%
Disconnected Devices	32	28	88%
<b>Total</b>	<b>190</b>	<b>75</b>	<b>39%</b>

Cause: A centralized inventory of devices was not maintained by the Information Technology Department. Inventory of the City’s devices were the responsibility of the respective department which generally relied on the data from the online Verizon business account. However, the Verizon data only tracked current active devices and was not managed by the respective department to ensure current device usernames, descriptions and location assignments for accountability.

Additionally, devices returned by employees to be reassigned, disconnected, or disposed were reset to factory settings, dismantled for parts or destroyed without documenting the device’s identification information.

Effect: Without a centralized inventory management system with reliable data, the risk of the inability to efficiently and effectively manage devices increases.

**Recommendation**

The Information Technology Department should:

1. Complete and document a full inventory of all active devices to ensure existence;
2. Establish a centralized inventory of all devices and track all information necessary for devices to be traced to an individual, a piece of equipment, or a specific location, to include the individual responsible;
3. As the City migrates to the Oracle Cloud ERP system, the small asset management system should be implemented and used to track all City small assets, to include cellular devices;
4. Follow established City standards for properly documenting the surplus and removal of all devices past their usable life cycle; and
5. Establish written guidelines requiring a periodic departmental inventory for device existence.

**Management’s Response**

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.

Centralized inventory tracking of wireless/mobile devices will be tracked via Verizon’s database. One dedicated FTE to manage the entire fleet of mobile devices coupled with support/collaboration from departments is key to fulfilling the stated recommendations. The current inventory process will be documented and revised to accomplish items 1, 2 & 5. Full implementation is contingent upon approval of hiring one FTE as well as support/collaboration from departments.

Responsible Party: Chief Financial Officer

Implementation Date: December 31, 2022

## *CONCLUSION*

Internal Audit has concluded work on the audit of wireless communication usage. Based upon test work performed, Internal Audit concluded:

1. An opportunity existed for cost savings through increased oversight and accountability of cellular service plans; and
2. A clear system of inventory management is needed to safeguard devices.

Although not included in the findings, an additional opportunity for the City was observed:

- Ensure all qualifying device lines are on the National Security, Public Safety, and First Responder Pricing Plans which allows priority network service with no data slowdowns.

Lastly, Internal Audit identified an area of significant risk that was presented to the Information Technology Department as well as City Senior Management due to the sensitive nature and the security of the City's network:

- Mobile device security protocols, to include the use of two-factor authentication, should be reviewed, strengthened and monitored due to the continued advancements in cellular technology and the importance of safeguarding the City's network.

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.

Distribution:

Audit Committee

Douglas J. Hewett, City Manager

Jay Toland, Assistant City Manager

Dwayne Campbell, Chief Information Officer

**MEMORANDUM**

August 5, 2021

TO: Audit Committee Members

FROM: Elizabeth Somerindyke, Internal Audit Director

RE: Quarterly Management Implementation Status Report

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**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.

A short summary of the progress updates are provided to allow a quick assessment of the audit reports where all the recommendations have NOT been fully implemented. 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.

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2020-2021 (4th Quarter)**

<u>Audit Title</u>	<u>Date Released</u>	Issued	Accepted	<u>Recommendations</u>		
				Implemented	Partially Implemented	Not Implemented
Contract Practices and Procedures A2016-06	October 2017	3	3	3	0	0
Performances Measures A2018-04	January 2019	4	4	4	0	0
PRM Nonresident Fees A2016-05	January 2019	7	7	6	0	1
Code Violation Enforcement and Collections A2019-06	August 2019	7	7	7	0	0
Residential Solid Waste Fees A2019-04	October 2019	5	5	1	3	1
Police Payroll A2020-01	August 2020					
Police Department		14	14	11	0	3
Finance Department		4	4	3	0	1
Accounts Payable Timeliness A2020-02	January 2021	5	5	5	0	0



**Office of Internal Audit  
Quarterly Management Implementation Status Report  
Fiscal Year 2020-2021 (4<sup>th</sup> Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	<b>Recommendation</b>	<b>Management Response</b>	<b>Management Follow-up Response – August 5, 2021</b>	<b>Management Follow-up Response – April 22, 2021</b>

**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 &amp; 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> <ol style="list-style-type: none"> <li>a. Define the process for determining whether the resident or nonresident fee should be charged;</li> <li>b. Establish specific guidance on what areas, if any, of Fort Bragg should be charged the resident</li> </ol>	<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 also develop a review process that will ensure that fees are being charged in accordance with the fee schedule.</p>	<p style="text-align: center;"><b>Implemented</b></p> <p>This recommendation has been implemented. Implementation took place during Recreation District Meetings in the month of October 2019.</p>	<p style="text-align: center;"><b>Implemented</b></p> <p>This recommendation has been implemented. Implementation took place during Recreation District Meetings in the month of October 2019.</p>
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**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2020-2021 (4<sup>th</sup> Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	<b>Recommendation</b>	<b>Management Response</b>	<b>Management Follow-up Response – August 5, 2021</b>	<b>Management Follow-up Response – April 22, 2021</b>

**A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation**

	<p>fees; and</p> <p>c. Establish specific guidance and expectations on charging swimming pool and Adult Open Play Athletic fees.</p>	<p><b>Responsible Party:</b> Adrienne Thomas, Business Manager</p> <p><b>Implementation Date:</b> 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>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</p>	<p><b>Implemented</b></p> <p>This recommendation has been implemented. Implementation took place during Recreation District Meetings in the month of October 2019.</p>	<p><b>Implemented</b></p> <p>This recommendation has been implemented. Implementation took place during Recreation District Meetings in the month of October 2019.</p>

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2020-2021 (4<sup>th</sup> Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – August 5, 2021	Management Follow-up Response – April 22, 2021

**A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation**

		<p>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><b>Responsible Party:</b> Adrienne Thomas, Business Manager</p> <p><b>Implementation Date:</b> 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>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</p>	<p><b>Implemented</b></p> <p>This recommendation has been implemented. Implementation took place during Recreation District Meetings in the month of October 2019.</p>	<p><b>Implemented</b></p> <p>This recommendation has been implemented. Implementation took place during Recreation District Meetings in the month of October 2019.</p>

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2020-2021 (4<sup>th</sup> Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – August 5, 2021	Management Follow-up Response – April 22, 2021

**A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation**

		<p>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><b>Responsible Party:</b> Adrienne Thomas, Business Manager</p> <p><b>Implementation Date:</b> 07/01/2019</p>		
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>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</p>	<b>Implemented</b>	<b>Implemented</b>
			<p>This recommendation has been implemented. The fee schedule was updated during the budget process and reflective of changes to ensure transparency and clarity. The updated fee schedule was presented to City Council for adoption and included in the FY2020 budget.</p>	<p>This recommendation has been implemented. The fee schedule was updated during the budget process and reflective of changes to ensure transparency and clarity. The updated fee schedule was presented to City Council for adoption and included in the FY2020 budget.</p>

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2020-2021 (4<sup>th</sup> Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	<b>Recommendation</b>	<b>Management Response</b>	<b>Management Follow-up Response – August 5, 2021</b>	<b>Management Follow-up Response – April 22, 2021</b>

**A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation**

		<p>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 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</p>	<p>The FY20 Fee Schedule was implemented on July 1, 2019.</p>	<p>The FY20 Fee Schedule was implemented on July 1, 2019.</p>
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**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2020-2021 (4<sup>th</sup> Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	<b>Recommendation</b>	<b>Management Response</b>	<b>Management Follow-up Response – August 5, 2021</b>	<b>Management Follow-up Response – April 22, 2021</b>

**A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation**

		<p>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 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>		
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**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2020-2021 (4<sup>th</sup> Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	<b>Recommendation</b>	<b>Management Response</b>	<b>Management Follow-up Response – August 5, 2021</b>	<b>Management Follow-up Response – April 22, 2021</b>

**A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation**

		<p><b>Responsible Party:</b> Adrienne Thomas, Business Manager</p> <p><b>Implementation Date:</b> 07/01/2019</p>		
3	<p>The Office of Internal Audit recommends management amend the written <i>Fayetteville-Cumberland Parks &amp; 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 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> <p style="margin-left: 20px;">a. Types of documentation</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 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><b>Responsible Party:</b> Recreation Division Supervisor</p> <p><b>Implementation Date:</b> 07/01/2019</p>	<b>Implemented</b>	<b>Implemented</b>

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2020-2021 (4<sup>th</sup> Quarter)**

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**A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation**

	<p>considered sufficient and insufficient;</p> <p>b. Frequency for updating documentation; and</p> <p>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>			
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>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</p>	<p><b>Not Implemented</b></p> <p>We are currently in the process of updating the RecTrac software system to a new version and IT is spearheading that process.</p>	<p><b>Not Implemented</b></p> <p>We are currently in the process of updating the RecTrac software system to a new version and IT is spearheading that process.</p>



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KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	<b>Recommendation</b>	<b>Management Response</b>	<b>Management Follow-up Response – August 5, 2021</b>	<b>Management Follow-up Response – April 22, 2021</b>

**A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation**

		<p>enhance day-to-day support/user experience, identify and resolve issues and improve process efficiencies as online transactions grow.</p> <p><b>Responsible Party:</b> Michael Gibson, PRM Director and Adrienne Thomas, Business Manager</p> <p><b>Implementation Date:</b> 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>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>	<b>Implemented</b>	<b>Implemented</b>

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**A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation**

		<b>Responsible Party:</b> Michael Gibson, PRM Director and Adrienne Thomas, Business Manager  <b>Implementation Date:</b> 03/01/2019		
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**A2019-04 Residential Solid Waste Fees**

1.1	<p>Solicit City Council’s support on updates necessary to the City Code of Ordinances Chapter 22, Solid Waste as it will be essential to ensure adherence to the City Code of Ordinances;</p>	<p>Management will seek council direction regarding level/scope of solid waste services. Full implementation of ‘Recommendation #1’ is contingent upon continuation of the ‘existing’ level/scope of services within solid waste division with no significant additions such as service to multi-family units or commercial facilities.</p> <p><b>Responsible Party:</b> Public Services Director</p> <p><b>Implementation Date:</b> Management will seek Council support in the format of a preliminary work session presentation by April 30, 2020 and follow up ordinance updates by September 30, 2020 contingent upon continuation of the ‘existing’ level/scope of services within the solid waste division.</p>	<p><b>Partially Implemented</b></p> <p>The consultant firm GBB completed their research and analysis and recommended revisions for the SW ordinance on May 28, 2021. GBB’s final outputs for the tasks in our current contract scope of services includes:</p> <ul style="list-style-type: none"> <li>• Memoranda for Tasks 2, 3, and 4 both in Word and PDF formats;</li> <li>• Updated Benchmarking Matrix that goes with Task 2 memorandum both in Word and PDF formats;</li> <li>• Original Solid Waste Ordinance 22 and its amendment that is referenced in Task 3 and 4 memoranda in PDF format;</li> <li>• Updated May 10, 2021 Briefing with many additional slides presenting SWD Challenges in PDF format;</li> </ul>	<p><b>Partially Implemented</b></p> <p>The City executed the contract with firm GBB on 2.15.21 to revise the Solid Waste Ordinance. GBB estimates the project duration to be approximately 13-15 weeks and will conclude on or before May 28, 2021.</p> <p>As of 4.5.21 GBB has performed the following:</p> <p><b>Task 1 – Project Kickoff &amp; Management</b></p> <ul style="list-style-type: none"> <li>• Internal GBB team organization and preparation</li> <li>• Sent initial data request and follow up requests</li> <li>• Set up distribution list and data site for sharing data</li> <li>• Held kickoff meeting on March 8, 2021, and issued notes of the meeting</li> </ul> <p><b>Task 2 – Research and Model Ordinances</b></p>
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**A2019-04 Residential Solid Waste Fees**

			<ul style="list-style-type: none"> <li>The clarity changes to the Solid Waste Ordinance presented in a “Marked” version and a “Clean” version with changes accepted both in Word format.</li> </ul> <p><b>SW Next Steps:</b></p> <ul style="list-style-type: none"> <li>Review ordinance recommendations with CA Office, CMO office and adjust as needed to align with CoF needs and strategic goals and objectives.</li> <li>Present to Council at the September 2021 or October 2021 work session.</li> <li>Implement areas of the ordinance that are currently in the ordinance but not being implemented.</li> <li>Adjust timeline to fit the goal of implementation of new ordinance for July 1, 2022</li> </ul>	<ul style="list-style-type: none"> <li>Reviewed data and information provided by the City</li> <li>Conference call with City March 23, 2021, to discuss data and gain further understanding of City services and issues</li> <li>Presented matrix of 10 cities for benchmarking to compare to City</li> </ul> <p><b>Task 3 – Recommended Operational</b></p> <ul style="list-style-type: none"> <li>Review operation data, photos, and videos sent</li> <li>Call on March 29, 2021, with City routing manager</li> <li>Call request initiated with City’s collection technology providers, FleetMind and RouteSmart, to understand current functionalities.</li> <li>Call Cumberland County on March 31, 2021, to ask questions about their operations and plans.</li> </ul>
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**A2019-04 Residential Solid Waste Fees**

			<ul style="list-style-type: none"> <li>• Create a plan for educating residents               <ul style="list-style-type: none"> <li>○ Meet with all the neighborhood watch groups</li> <li>○ Reach out to churches and assemblies</li> <li>○ Corporate Communications – social media, etc.</li> <li>○ Flyers/Mailers</li> </ul> </li> <li>• Create processes/tools for scheduling and implementation of notices, fines and assessments.</li> <li>• Full implementation of new revisions to begin July 1, 2022.</li> </ul>	<ul style="list-style-type: none"> <li>• Call request initiated with Pratt Industries to understand current practices and their plans for the future</li> </ul> <p><b>Task 4 – Recommend Penalties for Violations</b></p> <p><b>Task 5 – Ordinance Clarity –</b></p> <ul style="list-style-type: none"> <li>• City ordinance reviewed by GBB team</li> </ul> <p>The Assistant Director is working with GBB to produce an ordinance with an enforcement and penalties plan that is workable relevant for the City of Fayetteville.</p>
1.2	Coordinate with the City Attorney’s office to update the City Code of Ordinances to allow solid waste services to be provided consistently and ensure the residential solid waste fees are being assessed appropriately. Any updates to the City Code of	Management will seek council direction regarding level/scope of solid waste services. Full implementation of ‘Recommendation #1’ is contingent upon continuation of the ‘existing’ level/scope of services within solid waste division with no significant	<p><b>Partially Implemented</b></p> <p>See response for 1.1</p>	<p><b>Partially Implemented</b></p> <p>See response for 1.1</p>

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**A2019-04 Residential Solid Waste Fees**

	Ordinances should ensure compliance with North Carolina General Statutes.	<p>additions such as service to multi-family units or commercial facilities.</p> <p><b>Responsible Party:</b> Public Services Director</p> <p><b>Implementation Date:</b> Management will seek Council support in the format of a preliminary work session presentation by April 30, 2020 and follow up ordinance updates by September 30, 2020 contingent upon continuation of the ‘existing’ level/scope of services within the solid waste division.</p>		
2.1	Update the customer addresses in Fleetmind consistent with current routes.	<p>Management concurs with recommendations to update the customer address in Fleetmind consistent with the current routes and existing level of service. Services will be field verified and updated into Fleetmind one record at a time.</p> <p><b>Responsible Party:</b> Public Services Director</p>	<p><b>Implemented</b></p> <p>The initial upload for Fleetmind of residential household &amp; yard waste customers is completed. The total number uploaded were 627 customers with both HH &amp; YW services to total 1258 records uploaded. This was completed January 17, 2020.</p>	<p><b>Implemented</b></p> <p>The initial upload for Fleetmind of residential household &amp; yard waste customers is completed. The total number uploaded were 627 customers with both HH &amp; YW services to total 1258 records uploaded. This was completed January 17, 2020.</p>

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**A2019-04 Residential Solid Waste Fees**

		<b>Implementation Date:</b> Public Services Solid Waste Division will update the customer address in FleetMind consistent with the current routes and existing level of service by March 31, 2020.	Staff is working on a comprehensive overhaul of the records which is now expected to be completed by the end of October 2021.	Staff is working on a comprehensive overhaul of the records which is now expected to be completed the end of April 2021.
2.2	Develop a process to add, activate and inactivate addresses in Fleetmind as needed to maintain current, accurate, valid data.	Management concurs with the need to develop a process to add, activate and inactivate addresses in Fleetmind to maintain a current, accurate, and valid data base. However this process is contingent upon the outcomes of ‘Recommendation #1’. Further, full implementation of these processes involves compliance and cooperation from entities outside the direct control and influence of the Solid Waste Division such as CoF’s Planning Division, Cumberland County and FleetMind Vendor. Implementation dates provided below are for those activities that are within the direct control and influence of the Solid Waste Division as well as what can be accomplished within Council appropriated budgetary limits.	<p><b>Partially Implemented</b></p> <p>Fleetmind upgrades are not complete. The Fleetmind server upgrades request is on hold as IT has a few questions concerning requirements, outcomes, and scheduling. SW entered a request via our ticketing system to proceed.</p> <p><b>Partially Implemented</b></p> <p>Upon completing "Recommendation 1," SW will vet the Fleetmind data to align with any ordinance revisions if needed.</p>	<b>Partially Implemented</b>

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**A2019-04 Residential Solid Waste Fees**

		<p><b>Responsible Party:</b> Public Services Director</p> <p><b>Implementation Date:</b> Public Services Solid Waste Division will develop a process to add, activate and inactivate addresses in Fleetmind to maintain a current, accurate, and valid data base by June 30, 2022 contingent upon management responses.</p>		<p>accuracy with a completion date of April 2021.</p> <p><b>Partially Implemented</b></p> <p>Upon completing "Recommendation 1," SW will vet the Fleetmind data to align with any ordinance revisions if needed.</p>
2.3	Develop comprehensive written policies and procedures to maintain Fleetmind data integrity, once the processes are established.	Management concurs with the need to develop comprehensive written policies and procedures to maintain Fleetmind data integrity. However this process is contingent upon the outcomes of ‘Recommendation #1’. Further, full implementation of these processes involves compliance and cooperation from entities outside the direct control and influence of the Solid Waste Division such as CoF’s Planning Division, Cumberland County and FleetMind Vendor. Implementation dates provided below are for those activities that are within the direct control and	<p><b>Not Implemented</b></p> <p>Solid Waste Management will begin writing policies and procedures to maintain data integrity for Fleetmind once the Solid Waste Ordinance is updated.</p>	<p><b>Not Implemented</b></p> <p>Solid Waste Management will begin writing policies and procedures to maintain data integrity for Fleetmind once the Solid Waste Ordinance is updated.</p>



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**A2019-04 Residential Solid Waste Fees**

		<p>influence of the Solid Waste Division as well as what can be accomplished within Council appropriated budgetary limits.</p> <p><b>Responsible Party:</b> Public Services Director</p> <p><b>Implementation Date:</b> Public Services Solid Waste Division will develop comprehensive written policies and procedures to maintain Fleetmind data integrity by June 30, 2022 contingent upon management responses.</p>		
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**A2020-01 Police Department Payroll Audit: Police Department**

1	<p>The Office of Internal Audit recommends the Police Department, to include E-911, consult with the Finance Department on streamlining the manual timekeeping and payroll processes, to include eliminating the summary sheets and use timecards to enter the time and attendance into JD Edwards, with the end goal of moving towards implementing an automated time and attendance system.</p>	<p>Management worked with the Finance Department and obtained an updated timecard and proposed training to be provided to the police department by the end of August 2020. Management agreed with the streamlined process for payroll and the importance of accountability and oversight needed to ensure accurate and timekeeping of personnel. Management has direct the payroll technician to enter the time into JD Edwards from the employee’s timecard but will continue to have supervisory personnel complete a summary sheet based. The completion of the summary sheet is also aligned with the recommendations from the Finance Department and the Audit Department to having a checklist of multiple items for supervisors to review on the timecards prior to being submitted for entry into JD Edwards. The ultimate goal of having minimal errors and within the timeline needed for the Finance Department to process payroll. The</p>	<p><b>Implemented</b>– 03/1/2021</p> <p>Payroll is being captured in Kronos Test environment and then entered into JDE based on Kronos which has been determined by Payroll and IT to be the system of record.</p>	<p><b>Implemented</b> – 9/1/2020</p> <p>The department is in compliance with entering time from timesheets but still submit a summary sheet. Now working with Kronos time entry also.</p>
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**A2020-01 Police Department Payroll Audit: Police Department**

		<p>city has started the implementation of the automated time and attendance system for the police department and this has a starting timeline of September 2020.</p> <p><b>Responsible Party:</b> Chief Gina V. Hawkins</p> <p><b>Implementation Date:</b> 9/1/2020</p>		
2.1	Require employee and supervisor signatures, and dates signed on all timekeeping forms, to include E-911.	<p>The Finance Department created an updated timecard and training should be implemented by the end of August 2020.</p> <p><b>Responsible Party:</b> Chief Gina V. Hawkins</p> <p><b>Implementation Date:</b> 9/1/2020</p>	<b>Implemented</b> – 3/1/2021	<b>Implemented</b> – 9/1/2020
2.2	Consult with the Finance Department to create department-wide standardized timekeeping forms that at a minimum capture all time worked to include court time, compensatory time and overtime earned, scheduled hours and leave taken, to include E-911. This change will ensure consistency of	<p>The Finance Department created an updated timecard and training should be implemented by the end of August 2020.</p> <p><b>Responsible Party:</b> Chief Gina V. Hawkins</p> <p><b>Implementation Date:</b> 9/1/2020</p>	<b>Implemented</b> – 3/1/2021	<b>Implemented</b> – 9/1/2020
			<p>Kronos submissions require individual approval and supervisor approval.</p>	<p>Employee and Supervisor signatures and dates on timecards.</p>
			<p>Kronos submission are the system of record through which JDE entries are made. Pay codes for Court Time, Comp Time and Overtime utilized in the system to capture the options.</p>	

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**A2020-01 Police Department Payroll Audit: Police Department**

	documentation supporting timekeeping within the department. If the department deviates from approved standardized timekeeping forms, authorization should be obtained from the Finance Department.			
3.1	Require timecards be submitted only after all hours have been worked for the pay period.	<p>Management changed the submission due dates of all timecards in the first quarter of 2020 when issues were presented. Although there may be more corrections due to call-in or incidents when personnel have to come in after the time has been forwarded to the payroll technician, every effort will be made to submit time and not project time. The police department has been working with the I.T. Department and the Finance Department on the implementation of the automated time and attendance system in order to make this recommendation work efficiently.</p> <p><b>Responsible Party:</b> Chief Gina V. Hawkins</p> <p><b>Implementation Date:</b> 9/1/2020</p>	<p><b>Implemented</b> – 3/1//2021</p> <p>Kronos submissions must be entered by 10am on the Monday following the completion of the previous pay period.</p>	<p><b>Implemented</b> – 9/1//2020</p>

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**A2020-01 Police Department Payroll Audit: Police Department**

3.2	Coordinate with the Finance Department to implement a process that will ensure FLSA 207 (k) overtime is paid correctly for all prior period work hours.	<p>Management has coordinated with the Finance Department and the Finance Department has advised they are working on implementing a process to ensure corrections for prior period work are accurate and in accordance with the 207 (k) rule. The police department is unable to ensure the FLSA 207 (k) is implement but have already discussed this with Finance.</p> <p><b>Responsible Party:</b> Chief Gina V. Hawkins</p> <p><b>Implementation Date:</b> 9/1/2020</p>	<p><b>Implemented</b> – 3/1/2021</p> <p>Kronos timekeeping is programmed to calculate regular OTE and covert to FLSA OTE at the end of the 28 day cycle. Supervisors require to level all timecards on two weeks basis.</p>	<p><b>Implemented</b> – 9/1/2020</p>
4	The Police Department, to include E-911, should ensure a qualified independent employee, with a complete understanding of payroll, consistently review, every payroll period, all JD Edward payroll authorization reports back to the source documents (timecards) before payroll is submitted to the Finance Department Payroll Division for processing. Operating Procedure 10.2 Personnel and	The department has existing personnel which have been trained and will continue to be trained on all aspects of FLSA and the City of Fayetteville Payroll Process as it is changing. The department will also ensure the supervisory staff receive training on the existing topics which has not been provided in the past. Management believe errors stem from education of all staff and will first have to depend on the training	<p><b>Implemented</b> – 3/1/2021</p> <p>FPD utilizes Payroll Technician to enter all time into JDE. Currently there are 4 employees across the department who are capable of entering time into JDE with the primary responsibility falling on the Payroll Technician. Kronos programming eliminates the need to calculate FLSA rules</p>	<p><b>Implemented</b> – 9/1/2020</p>

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**A2020-01 Police Department Payroll Audit: Police Department**

	<p>Payroll should be updated accordingly.</p>	<p>from Finance before we can determine who the secondary “independent” employee with all the qualifications listed above will be. The other issue with the recommendation is the ability to have the review completed “before payroll is submitted to the Finance Department Payroll Division for processing” will not provide the payroll technician the needed time to enter from the actual 600 timecards approximately within the allotted deadline for the Finance Department. The operational time needed for entries already required between 10-12 hours of data entry. The department will update our operating procedures after all changes once we have received the approved timecards and processes from the Finance Department on procedures and documented processes which will be made.</p> <p><b>Responsible Party:</b> Chief Gina V. Hawkins</p> <p><b>Implementation Date:</b> 9/1/2020</p>	<p>other than leveling the timecard. Once Kronos is fully implemented entry into JDE will be automated.</p>	
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**A2020-01 Police Department Payroll Audit: Police Department**

5.1	Establish a central recordkeeping location for all payroll related records and identify departmental position(s) responsible to ensure payroll records are complete and archived.	<p>Management concurs with item #1 and have already uploaded previous years and template the timesheets into Laserfiche. This process is being completed after all time has been entered for a pay period but before the next pay period starts by Office Assistants.</p> <p><b>Responsible Party:</b> Chief Gina V. Hawkins</p> <p><b>Implementation Date:</b> 10/1/2020</p>	<p><b>Implemented</b> – 3/1/2021</p> <p>Kronos is the official record for timecards and JDE official record for payroll. All Kronos timecards are archived in the system.</p>	<p><b>Implemented</b> – 10/1/2020</p> <p>All prior timecards have been archived, template and laserfiche into the system.</p>
5.2	Review all current written departmental operating procedures related to Personnel and Payroll with the Human Resource Development Department and the City Attorney’s Office to ensure compliance with the FLSA.	<p>For Item #2, Management will have the Police Attorney review all operating procedures related to payroll once the Finance Department has completed the updated timecards and their procedures and documented processes and ensure they align with the City of Fayetteville Policies. We will then provide the information for Human Resource Development Department for review.</p> <p><b>Responsible Party:</b> Chief Gina V. Hawkins</p>	<p><b>Not Implemented</b></p> <p>City Attorney will be scheduling meeting with HR, Payroll in order review all policies to ensure they are FLSA Compliant now and when we transition into Kronos. The department has been in constant communication with Payroll and the I.T. Department regarding issues with timecards and calculations in order to be FLSA Compliant.</p>	<p><b>Not Implemented</b></p> <p>City Attorney still reviewing all policies to ensure they are FLSA Compliant now and when we transition into Kronos. The department has been in constant communication with Payroll and the I.T. Department regarding issues with timecards and calculations in order to be FLSA Compliant.</p> <p>Still working with others and in consultation to ensure correct</p>

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**A2020-01 Police Department Payroll Audit: Police Department**

		<b>Implementation Date:</b> 10/1/2020	Still working with others and in consultation to ensure correct verbiage is in place.  <b>Revised Implementation Date:</b> 09/30/2021	verbiage is in place.  <b>Revised Implementation Date:</b> 07/01/2021
5.3	Document an approval process for overtime within the departmental operating procedures, to include a consideration for equitable treatment of overtime.	Management will consult with the City Manager and Human Resources regarding items #3 and #4 in order to determine if this recommendation should be a part of the City Policy in order to ensure equitable treatment of overtime, even though the sworn personnel is on the 7(k) Rule. There may be an infinite number of scenarios in which working over a prescheduled day could apply and not be considered overtime. Based on the previous response with training on FLSA 207 (k) and other FLSA to supervisory staff, the existing FLSA 207 (K) rule is clear and covers all situations when someone can be paid compensatory time versus overtime and does not need to be included in departmental operational procedures.	<b>Not Implemented</b>  System issues are still being resolved on the documentation of Premium OTE and Regular OTE. Once system issues are corrected Official Policies will be reviewed by City Attorney's office in order to be a part of the operating procedures.  Still in consultation with all departments.  <b>Revised Implementation Date:</b> 09/30/2021	<b>Not Implemented</b>  Department will have this reviewed with the policies being reviewed by the City Attorney's office in order to be a part of the operating procedures.  Still in consultation with all departments.  <b>Revised Implementation Date:</b> 07/01/2021



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**A2020-01 Police Department Payroll Audit: Police Department**

		<p><b>Responsible Party:</b> Chief Gina V. Hawkins</p> <p><b>Implementation Date:</b> 10/1/2020</p>		
5.4	Update departmental operating procedures to align with current practices, to include criteria for when overtime is allowed versus earning compensatory time.	Management will consult with the City Manager and Human Resources regarding items #3 and #4 in order to determine if this recommendation should be a part of the City Policy in order to ensure equitable treatment of overtime, even though the sworn personnel is on the 7(k) Rule. There may be an infinite number of scenarios in which working over a prescheduled day could apply and not be considered overtime. Based on the previous response with training on FLSA 207 (k) and other FLSA to supervisory staff, the existing FLSA 207 (K) rule is clear and covers all situations when someone can be paid compensatory time versus overtime and does not need to be included in departmental operational procedures.	<p><b>Not Implemented</b></p> <p>Department needs to finish testing and complete system issues before policies can be officially changed. Then reviewed by the City Attorney's office in order to be a part of the operating procedures.</p> <p>Still working on this.</p> <p><b>Revised Implementation Date:09/30/2021</b></p>	<p><b>Not Implemented</b></p> <p>Department will have this reviewed with the policies being reviewed by the City Attorney's office in order to be a part of the operating procedures.</p> <p>Still working on this.</p> <p><b>Revised Implementation Date:07/01/2021</b></p>

**Office of Internal Audit  
Quarterly Management Implementation Status Report  
Fiscal Year 2020-2021 (4<sup>th</sup> Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	<b>Recommendation</b>	<b>Management Response</b>	<b>Management Follow-up Response – August 5, 2021</b>	<b>Management Follow-up Response – April 22, 2021</b>

**A2020-01 Police Department Payroll Audit: Police Department**

		<p><b>Responsible Party:</b> Chief Gina V. Hawkins</p> <p><b>Implementation Date:</b> 10/1/2020</p>		
6.1	<p>Management consider creating and hiring an accounting manager position with the expertise in business processes and internal controls to oversee the Personnel Technician position and assist in developing, implementing and evaluating the necessary payroll controls to improve efficiency and ensure compliance with applicable guidelines. Although additional personnel is costly, the City could be fined for FLSA violations and due to the Department’s payroll expenditures for Fiscal year ending 2019 of \$40.1 million, the fines could be costly.</p>	<p>The police department has submitted a new initiative for a position which will cover more than just the recommendation listed as an accounting manager but cannot control if this position will be approved. The position will ensure the business aspect of the police department has continuity for long term overall efficiency.</p> <p><b>Responsible Party:</b> Chief Gina V. Hawkins</p> <p><b>Implementation Date:</b> 12/1/2020</p>	<b>Implemented 03/01/2021</b>	<b>Implemented 03/01/2021</b>
6.2	<p>Management needs to ensure the Personnel Technician and an alternate employee are thoroughly trained and have a clear understanding of all applicable guidelines.</p>	<p>Management has requested Finance provide training for any and all employees who have access to JDE before the receive approval rights into the system. Once this training has occurred management will determine who would be the</p>	<b>Implemented 03/01/2021</b>	<b>Implemented 03/01/2021</b>

**Office of Internal Audit  
Quarterly Management Implementation Status Report  
Fiscal Year 2020-2021 (4<sup>th</sup> Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	<b>Recommendation</b>	<b>Management Response</b>	<b>Management Follow-up Response – August 5, 2021</b>	<b>Management Follow-up Response – April 22, 2021</b>

**A2020-01 Police Department Payroll Audit: Police Department**

		<p>possible alternate employee. This training should include a documented manual for the training for the employee to reference.</p> <p><b>Responsible Party:</b> Chief Gina V. Hawkins</p> <p><b>Implementation Date:</b> 12/1/2020</p>		
7	<p>The Office of Internal Audit recommends management collaborate with the Finance Department on the current timekeeping and payroll processes to improve the efficiency which should reduce the errors of employee wages and ensure hours worked are accurately and consistently documented in JD Edwards as reflected on timecards. However, time worked for non-exempt/non-sworn personnel should be maintained on weekly timecards and entered on a 1-week basis.</p>	<p>As previously mentioned Finance created updated timecard and will be providing training. Management does not agree with non-sworn timecards entering time on a 1 week basis. The supervisory staff who will be approving the timecards will be trained on the process and will need a consistent training manual to review for all personnel. The updated timecards provided by Finance calculate time appropriately based on sworn or non-sworn personnel. The automated system will also have time submitted for on a bi-weekly basis for approval.</p> <p><b>Responsible Party:</b> Chief Gina V. Hawkins</p> <p><b>Implementation Date:</b> 9/1/2020</p>	<p><b>Implemented 03/01/2021</b></p> <p>Since transitioning to FayPay, this recommendation has been resolved.</p>	<p><b>Implemented 03/01/2021</b></p> <p>Since transitioning to FayPay, this recommendation has been resolved.</p>

**Office of Internal Audit  
Quarterly Management Implementation Status Report  
Fiscal Year 2020-2021 (4<sup>th</sup> Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – August 5, 2021	Management Follow-up Response – April 22, 2021

**A2020-01 Police Department Payroll Audit: Police Department**

8	<p>The Office of Internal Audit recommends the Police Department, to include E-911, consult with the Human Resources Department on a formal leave request process to ensure leave time is reported. Although an automated time and attendance is being implemented, consequences for non-compliance should be clearly defined in written departmental operating procedures.</p>	<p>Management will consult with the Human Resource Department to obtain how all other City of Fayetteville departments which are not on an automated system submit their formal leave request. In the meantime the department has already created a formal leave request form and ensure it is included in the department’s operational process and coincides with City Policy.</p> <p><b>Responsible Party:</b> Chief Gina V. Hawkins</p> <p><b>Implementation Date:</b> 6/1/2020</p>	<b>Implemented</b>	<b>Implemented</b>
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**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2020-2021 (4<sup>th</sup> Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – August 5, 2021	Management Follow-up Response – April 22, 2021

**A2020-01 Police Department Payroll Audit: Finance Department**

6.1	Management should coordinate with the Human Resource Development Department to develop comprehensive timekeeping and payroll training. The training should include applicable FLSA regulations, City policy and procedure manuals, and how to process time and attendance for payroll purposes.	It should be the priority of the City to provide up-to-date and timely training especially in payroll processing. Training will help ensure best practices and procedures.  <b>Responsible Party:</b> Jay Toland, Chief Financial Officer  <b>Implementation Date:</b> 12/1/2020	<b>IMPLEMENTED</b>  OD&T and Finance met 1.15.2021 and drafted a comprehensive timekeeping and payroll training.	The implementation status was not timely provided for reporting.
6.2	Management should ensure all payroll preparer and reviewers take training developed prior to assuming the respective duties and should be required to take a refresher training annually.	Finance will work with the departments as new payroll preparers are brought on-line to ensure the preparers have initial training. Furthermore a refresher course will be created and disseminated in an efficient manner.  <b>Responsible Party:</b> Jay Toland, Chief Financial Officer  <b>Implementation Date:</b> 12/1/2020	<b>NOT IMPLEMENTED</b>  Training will be released through POWERDMS and/or in person/zoom (with a sign-in sheet) to create a system of record for training.	The implementation status was not timely provided for reporting.
6.3	Management should coordinate with the Human Resources Development Department to provide the Police Department training on timekeeping and FLSA	Finance will collaborate with HRD to provide training on timekeeping and FLSA 207 (k) overtime and an on-boarding process to train new employees.	<b>IMPLEMENTED</b>  OD&T and Finance met 1.15.2021 and drafted a comprehensive training on	The implementation status was not timely provided for reporting.

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2020-2021 (4<sup>th</sup> Quarter)**

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – August 5, 2021	Management Follow-up Response – April 22, 2021

**A2020-01 Police Department Payroll Audit: Finance Department**

	207 (k) overtime. Training for new employees should be a part of on-boarding and provided by a qualified employee.	<b>Responsible Party:</b> Jay Toland, Chief Financial Officer  <b>Implementation Date:</b> 12/1/2020	timekeeping and FLSA 207 (k) overtime. Training for new employees shall be a part of on-boarding and provided by a qualified employee.	
6.4	Management should designate funding for the payroll supervisor to obtain a Payroll Certification and allow the payroll supervisor to obtain this certification.	Finance will look at the budgeting process to earmark funds for certification.  <b>Responsible Party:</b> Jay Toland, Chief Financial Officer  <b>Implementation Date:</b> 12/1/2020	<b>Implemented</b>  Finance has earmarked appropriate funds.	<b>Implemented</b>  Finance has earmarked appropriate funds.