



Audit Committee Meeting
November 18, 2021 @ 3:00pm
Virtual Meeting
Via Zoom

AGENDA

1. Call to Order
2. Approval of Agenda
3. Approval of Meeting Minutes
4. Fiscal Year Ended June 30, 2021 Comprehensive Annual Financial Report and Audit Results *(Presented by Robert E. Bittner III, CPA, MBA, PBMares Inc)*
5. Internal Audit Activities *(Presented by Internal Audit staff):*
 - a. Police Department Confidential Funds (A2021-01)
 - b. Vector Fleet Contract (A2020-04)
 - c. Annual Audit Plan FY22
6. Management Reports *(Informational Purposes Only)*
 - a. Internal Audit Annual Report FY21
 - b. Quarterly Management Implementation Status Report
7. Adjournment

Attachments:

- a) Draft Meeting Minutes – August 5, 2021
- b) Police Department Confidential Funds (A2021-01)
- c) Vector Fleet Contract (A2020-04)
- d) Annual Audit Plan FY22
- e) Internal Audit Annual Report FY21
- f) Quarterly Management Implementation Status Report 1st Quarter FYE22

AUDIT COMMITTEE MEETING
August 5, 2021 @ 3:00 PM
Virtual Meeting

Council Members Present: CM Johnny Dawkins, Chair
CM Yvonne Kinston
CM Larry Wright

Staff Present: Doug Hewett, City Manager
Jay Toland, Assistant City Manager
Telly Whitfield, Assistant City Manager
Rebecca Jackson, Chief of Staff
Elizabeth Somerindyke, Internal Audit Director
Ms. Rose Rasmussen, Internal Audit Staff
Ms. Amanda Rich, Internal Audit Staff
Dwayne Campbell, Chief Information Officer
Willie Johnson, Assistant Chief Information Officer
Assistant Chief Anthony Kelly, Fayetteville Police Department
Paul Allen, Assistant City Attorney
Daniel Edwards, Assistant Public Services Director
Jody Picarrella, Accounting Manager
Kim Toon, Purchasing Manager
Andrea Tebbe, Executive Assistant to the City Council

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

Others Present: Wanda Johnson

1. Call to Order

- CM Dawkins called meeting to order at 3:00 PM

2. Approval of Agenda

MOTION: Mr. Ron O'Brien moved to approve agenda

SECOND: Ms. Amy Samperton

VOTE: Unanimous (3-0)

3. Approval of Minutes

MOTION: Ms. Amy Samperton moved to approve minutes

SECOND: Mr. Ron O'Brien

VOTE: UNANIMOUS (3-0)

4. Accounts Payable Timeliness Audit Update- presented by Jay Toland

- Copy of the Draft Policy provided

- Change in policy, Section 8, from 75 days to 60 days
- Will be circulated in CMO for 2 weeks for review per standard policy

5. **Internal Audit Activities- Presented by Internal Audit Staff**

- a. WEX Fuel Card Follow-Up – Police A2019-05F2
- b. Wireless Communication Usage- A2021-02

5A. WEX Fuel Card Follow Up

- Background
 - Original Audit May 2019 with 17 recommendations
 - Follow Up 1 – November 2020 with 24% implemented recommendations
 - Follow up 2 – Completed based in the direction from the direction of the Audit Committee at the January 28, 2021 meeting
- Scope
 - Reviewed 12 of 13 recommendations still in progress
 - Used fuel card reporting from January 1, 2021 – May 21, 2021
- November 2020 Results
 - Implemented 4
 - Partially Implemented 4
 - Not Implemented 8
 - Unable to determine 1
- August 2021 Results
- Implemented- Substantial progress made through implementation of
 - Departmental WEX SOP, including procedures to safeguard fuel cards
 - Departmental monthly reviews of 8 WEX reports
 - Additional reviews for fuel card existence
- In Progress- recommendations to strengthen controls:
 - Consistency with monthly reviews/use reports to
 - Track fuel cards for deactivation
 - Adequately address fuel purchase exceptions
 - Improve communications with the Finance Department for the deactivation of PINs
 - Ensure training is sent to all departmental employees
 - Strengthen controls to timely deactivate fuel cards for surplus vehicles
- **MOTION: Mr. Ron O’Brien moved to accept the report**
- **SECOND: Ms. Amy Samperton**
- **VOTE: Unanimous (5-0)**

5b. Wireless Communication Use Audit

- Background
 - City’s primary vendor was Verizon wireless
 - Established service using a convenience contract
 - City was offered a variety of equipment & service plans at a discounted rate
 - Eligible employees can choose a City-owned cell phone or a monthly stipend

- Verizon Wireless account incorporated expenditures for 15 departments City paid a total of \$878, 217 during the audit scope
- Objective
 - Assess the City's wireless communication usage to identify areas of risk and opportunities for potential savings
- Scope
 - Reviewed device usage from February 11, 2020 through March 10, 2021; including 1,590 active device lines and 344 disconnected device lines
 - Selected a 10% sample of 190 device lines, both active and disconnected
- **Finding #1: Improving management oversight related to cellular service plans could result in cost savings**
 - Criteria
 - Responsible stewards of taxpayers' money:
 1. Assign devices services based on usage;
 2. Oversight of monthly bills; and
 3. Evaluate business need for underutilized devices.
- **Condition and Cause**
 - 621 out of 1,590 active devices had low or zero usage (39%)
 - Total City cost for the 621 devices = \$169,141
 - Devices with little or no use were not suspended or deactivated;
 - Employees had multiple devices assigned;
 - Hotspots on smart phones not utilized;
 - Unclear business need for device assignments; and
 - Service plans were not reviewed
- **Impact**
 - Expending resources on underutilized devices and non-contracted cellular service plans
- **Recommendations**
 - Establish guidelines that outline user department requirements for oversight and accountability
 - Assign devices to the appropriate contract service plan prior to deploying the device
- **Management Response:**
 - Concur with Reservations
- **Finding #2 Inventory management controls over devices associated with cellular services were not established**
- **Criteria:**
 - A complete and reliable inventory allows decision makers to make effective decisions; and
 - City's IT Acceptable Use Policy # 603 explains an inventory of all devices is maintained
- **Condition & Cause:**
 - The City did not maintain a current and complete inventory resulting in devices that could not be located;
 - 75 out of 190 devices sampled (39%)
 - Departments relied upon the vendor's system which was not maintained and only tracked current active devices; and
 - Devices returned were reset to factory settings, dismantled or destroyed without documentation
- **Impact:**
 - Inability to efficiently and effectively manage devices.

- **Recommendations:**
 1. Complete and document a full inventory of all active devices to ensure existence;
 2. Establish a centralized inventory;
 3. Implement and use the Oracle ERP system to track devices;
 4. Follow City standards for documenting device surplus; and
 5. Establish written guidelines requiring periodic inventory
- **Management Response:**
 - Concur with Reservations
- **Internal Audit concludes:**
 - Opportunity for cost savings through oversight & accountability of cellular service plans
 - System of inventory management is needed
- **Additional area of risk identified**
 - 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

Questions

CM Kinston- Did team look at damaged equipment or replacements? If so, how much money was spent on this?

- Rich- Yes, replacement with no cost. Purchase was minimal

A. Samperton- How long has Verizon been used?

D. Campbell- At least 9 years with Verizon- We utilize convenience contract to the City advantage

A. Samperton- is coverage sufficient with Verizon?

D. Campbell- 97.6% saturation rate

Recommendations:

IT will implement written guidelines

Questions for finding #2

CM Dawkins- Can people upgrade at no cost?

D. Campbell- Verizon provides monthly updates and IT shares with Admin of said department. IT then works with Verizon and designated employee

CM Wright- Has the City been hacked/any leaks? Is there a protocol in place to feel secure and prevent hacking?

D. Campbell Voluntary system in place. System cannot be made mandatory

CM Dawkins- What is timeline for creating a centralized management system?

D. Campbell – There are personnel constraints

CM Dawkins- Has this been communicated to CMO?

It will go through ACM and then to CM

E Somerindyke- What is needed to accomplish created a centralized management system?

D. Campbell- More personnel

A. Samperton- Is this short term staff. Can CARES Act funds be used?

CM Wright- What is amount of funds received?

Discussion ensued about CARES Act and ARPA funds

D. Hewett- ARPA fund usage will be brought before Council

D. Hewett- City has been approached by different companies and staff is looking at

companies for cellular plans
CM Kinston- How many personnel is needed by IT?
D. Campbell- 1 FTE to manage wireless

Motion: CM Wright moved to accept wireless audit report
SECOND: CM Kinston
VOTE: UNANIMOUS (5-0)

- 6. Management report presented-** Informational Purposes only
- No action required
 - Annual report to Council- working through confidential funds audit

7. Adjournment

- CM Wright made a motion to adjourn meeting at 4:06 PM

Council Member Johnny Dawkins, Chair

ATTEST:

Andrea Tebbe, Executive Assistant to the City Council



TO: City of Fayetteville Audit Committee

FROM: Jay C. Toland, CMA, Assistant City Manager/Chief Financial Officer

DATE: November 18, 2021

RE: Fiscal Year End June 30, 2021 Comprehensive Annual Financial Report
and Audit Results

Relationship To Strategic Plan:

GOAL V: Sustainable Organizational Capacity,
Objective A, To ensure strong financial management with fiduciary accountability and plan
for future resource sustainability by aligning resources with City priorities.

Executive Summary:

The City is required by North Carolina state statues and granting agencies to have an annual
audit. The Audit Committee Charter states that the Audit Committee will review the City's
Comprehensive Annual Financial Report (CAFR), management letter and management's
response and forward findings to City Council.

Background:

PBMares, LLP audited the City's financial statements for the year ended June 30, 2021.

A link to the report will be provided no later than 11.17.21

Robbie Bittner, CPA, MBA, Partner - PBMares LLP will present the results of the audit to the
Committee.



Office of Internal Audit

**Compliance Audit 2021-01
Police Department Confidential Funds**

November 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.

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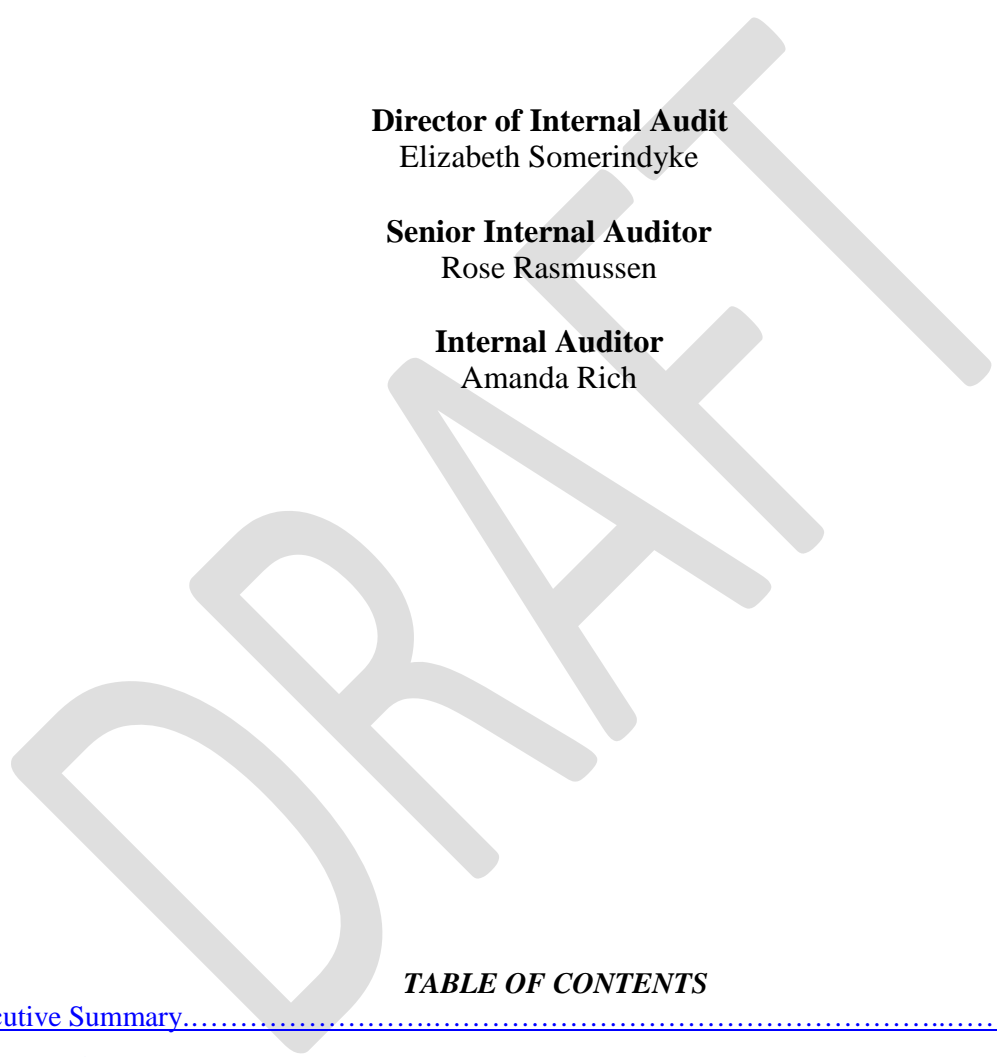


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[Internal Audit | Fayetteville, NC \(fayettevillenc.gov\)](http://fayettevillenc.gov)

Mailing Address: 433 Hay Street, Fayetteville, NC 28301

EXECUTIVE SUMMARY

The audit was conducted pursuant to *Fayetteville Police Department Operating Procedure 5.8 Confidential Funds and Use of Informants* effective December 21, 2018 which stated an audit of the confidential funds account will be conducted annually. Additionally, the audit was scheduled to be performed as part of the Office of Internal Audit's approved *Annual Audit Plan Fiscal Year 2021*.

Background

The Fayetteville Police Department's Vice Investigative Division administered and controlled an informant/expenditure (confidential) cash fund to be used for covert operations with a budget of \$100,000 for each fiscal year.

Objective

The purpose of the audit was to determine if the Police Department's confidential funds were sufficiently administered in accordance with established laws, regulations, guidelines, policies and procedures, to include evaluating the effectiveness of established internal controls. Internal Audit also reviewed to determine if sufficient corrective actions were taken by management to address recommendations detailed in prior year audit reports.

Scope

The scope of the audit covered the period of December 1, 2019 through June 30, 2021 and sampled 7 of 27 (26%) personnel that utilized and/or maintained confidential funds. The sample resulted in Internal Audit reviewing 201 expenditures totaling \$106,398.

Conclusion

Based on audit work performed, the Vice Investigative Division administered the confidential funds in accordance with established procedures, and internal controls were satisfactory and worked effectively. There were no significant exceptions noted.

Corrective actions had not been finalized by management to address recommendations detailed in fiscal year 2016 and 2018 audit reports. Audit recommendations related to updating operating procedures remained not implemented.

*****END OF EXECUTIVE SUMMARY*****

BACKGROUND

The Fayetteville Police Department's Vice Investigative Division administered and controlled an informant/expenditure (confidential) cash fund to be used for covert operations with a budget of \$100,000 for each fiscal year.

The Narcotics Unit Lieutenant was the cash custodian with the responsibility of safeguarding the physical cash and ensuring authorized use of the funds. In addition, cash ledgers were maintained and completed along with required receipts when funds were spent by personnel who received or used cash. Based on operating procedures, the fund had the following allowable uses:

1. Pay informants or citizen sources;
2. Purchase contraband; or
3. Expenses incurred while working undercover or investigative operations.

Fayetteville Police Department officers and detectives were required to submit purchases of contraband, stolen goods, firearms, or other illegal items to the Property and Evidence Section.

AUDIT OBJECTIVES

The objectives of the audit were to determine if:

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

AUDIT SCOPE

The scope of the audit covered fund activity from December 1, 2019 through June 30, 2021. In order to conduct the audit, a sample size of 7 (26%) of the 27 personnel that utilized and/or maintained confidential funds was judgmentally selected to reasonably ensure the sample allowed for diversity within the population.

A scope limitation existed in receiving all required information from external public safety agencies due to the sensitive nature of the work performed.

The sample of expenditures reviewed during the audit scope for the sampled personnel were as follows:

<u>Audited Expenditures of Confidential Funds¹</u>	<u># of Transactions</u>	<u>Amount</u>
Payments to Non-Departmental Personnel	102	\$ 20,432
Purchase of Contraband	91	83,650
Special Investigative Expense	8	2,316
Total Expenditures Audited	201	\$ 106,398

¹Does not include "administrative transfer of funds." These are not expenditures of the fund.

AUDIT METHODOLOGY

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

- Reviewed applicable written policies, procedures and guidelines;
- Interviewed and conducted cash counts of Police Department personnel involved in the administration, maintenance and use of confidential funds;
- Reviewed the accounting records and documents pertaining to confidential funds to include training provided through Power DMS; and
- Traced contraband purchased during operations to the Property and Evidence Section.

FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSES

Based on audit work performed, the Vice Investigative Division administered the confidential funds in accordance with established procedures, and internal controls were satisfactory and working effectively. There were no significant exceptions noted.

FOLLOW-UP AUDIT RESULTS

The Police Department has two outstanding audit recommendations that will be added to the quarterly management implementation status report until fully implemented:

	Original Recommendation	Observation	Status
A2016-01: Recommendation 4	RMS disposal records did not provide adequate documentation to account for transfers from the Evidence Room to the Narcotics Unit.	Management's response was to update <i>Operating Procedure 6.2 Evidence and Property Management</i> . However, an update of OP 6.2 was in progress but had not been finalized.	Not Implemented
A2018-03: Recommendation 1	Documentation of review and timely reporting were lacking.	Management's response was to update <i>Operating Procedure 5.8 Confidential Funds & Use of Informants</i> . However, OP 5.8 had not been updated.	Not Implemented

CONCLUSION

Internal Audit has concluded work on the audit of Police Department Confidential Funds. Based upon test work performed, Internal Audit concluded the Department was in compliance.

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
Gina Hawkins, Chief of Police



Office of Internal Audit

**Compliance Audit 2020-04
Vector Fleet Contract**

Completed: September 2020

Released: November 2021

Director of Internal Audit

Elizabeth Somerindyke

Senior Internal Auditor

Rose Rasmussen

Internal Auditor

Amanda Rich



OFFICE OF INTERNAL AUDIT

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Mailing Address: 433 Hay Street, Fayetteville, NC 28301

EXECUTIVE SUMMARY

In accordance with the Fiscal Year 2020 Audit Plan, Internal Audit conducted an audit of the Vector Fleet Management and Maintenance Contract.

Background

Effective July 1, 2019 the City of Fayetteville entered into a ten year contract with Vector Fleet Management, LLC (Contractor) to provide fleet management and maintenance services. Based on contract terms, the Contractor was to provide fleet services to 1,350 vehicles and pieces of equipment.

Fleet services consisted of scheduled preventative maintenance, remedial repairs, warranty and recall work, overhaul, mobile service, towing, tire service and replacement, motor pool operations, fleet management, unit acquisition and disposal, parts inventory acquisition and maintenance. These services were to be provided to assure the stability of effective and economical operations of the City's fleet with the goals of:

- Reducing overall fleet maintenance costs;
- Improving vehicle and equipment availability;
- Increasing overall fleet operating efficiency with an effort to reduce capital expenditures for fleet assets; and
- Improving services offered to City departments using fleet vehicles and equipment by bringing best practices to the total fleet function.

Repairs could be subcontracted to a third-party vendor if the repair required could be more economically performed through outsourcing. This included routine repairs due to time constraints or scheduling.

The contract established a target and non-target cost model that provided the basis for invoicing. Differentiation between target and non-target units were defined within the contract through established Life Cycle Guidelines as well as the type and reason for the repair. Annual contract revisions to fleet inventory were required to memorialize unit changes to and from a target or non-target status.

The City's Target Cost Commitment for the first three years was \$7.3 million for target units with a potential annual shared savings. Under the Target Costs Commitment, the Contractor was required to perform repairs for all services with regards to target units for the actual incurred costs up to the maximum annual amount reflected in the Target Cost Commitment. There would be an annual adjustment for year four and each subsequent year of the contract.

Additionally, non-target units were charged non-target costs at an hourly rate¹ of \$44.85, a 5% part mark-up cost and a 1.5% subcontracted service markup cost. Labor costs during daytime operational hours were not charged as non-target costs for non-target units. Target units could be charged non-target costs in areas such as abuse or neglect resulting from deliberate actions or omissions. However, the City had some control over these charges. Some services, including but not limited to welding and modifications, were considered non-target costs for all City fleet.

The City's Fleet Management function hired a Fleet Manager in July 2019 to administer the contract. The contract was accounted for in an internal service fund and had an adopted budget of \$7.1 million for fiscal year 2020. The City disbursed \$7.0² million for fleet management and maintenance services in fiscal year 2020. Total net fleet costs were \$6.8 million, which represented an 11% increase from fiscal year 2019.

Objective

Internal Audit assessed whether the system of internal controls was adequate and appropriate for effective contract compliance with selected provisions of the executed contract as it related to payments.

¹ Daytime labor for non-target units would not be charged as non-target costs

² Amount does not include \$170k encumbered costs at June 30, 2020.

Scope

The scope was limited to contract payment provisions and included expenditures from July 1, 2019 through February 29, 2020 totaling \$3.2 million in fleet maintenance costs. A stratified statistical sample of 817 (12%) out of 6,889 repair orders were selected to determine if costs were in compliance with contract terms.

Conclusion

The Vector Fleet Contract was negotiated and executed with the intent for the Contractor to reduce overall fleet maintenance costs, improve fleet availability, increase fleet operating efficiency and improve services by providing best practices to the City fleet function.

Although there are risks associated with every contractual relationship, this audit highlighted vague contract terms that made it difficult to understand the contract requirements, ultimately impacting the success of the fleet function. Significant areas noted include:

- Actual incurred costs for target work invoiced and paid were not an accurate representation impacting the implementation of the annual savings to be considered;
- Contract was executed with an incomplete fleet inventory and contract terms were vague related to process to amend unit classification based on Life Cycle Guidelines and vehicle replacement plan resulting in increased non-target costs;
- Contract terms that were inconsistent and vague related to costs for directed work, standard daytime operational hours, subcontracted towing services, road calls and mobile service units allowing these services to be charged as non-target work for target and non-target units resulting in increased non-target costs; and
- Penalties associated with performance standards to reduce downtime were not implemented due to contract terms in calculating penalty and the City's lack of establishing a method to track.

Additionally, lack of effective contract monitoring and oversight of the fleet contract created an environment that would be hard to detect fraud, waste and abuse. Significant areas noted include:

- Limited City oversight due to a lack of and/or inadequate requests for data driven reports from the Contractor; and
- Insufficient processes in place to provide adequate contract oversight.

For a detailed explanation of each of the thirteen findings, please refer to the body of this Audit Report.

Management Action Plans

Since the completion of the audit in September 2020, management transitioned the City of Fayetteville's fleet management services from the on-site Contractor to a City operated fleet maintenance operation with the strategic plan goal of being a financially sound city providing exemplary city services. The contract with the on-site Contractor was mutually dissolved on June 30, 2021. Therefore, audit recommendations related to contract terms are no longer applicable.

However, in reference to Internal Audit's recommendations related to the oversight of fleet services, management intends to either implement or consider establishing a Fleet Committee, create and/or update current policies and procedures related to fleet management and maintenance, and prepare and schedule appropriate training.

*****END OF EXECUTIVE SUMMARY*****

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Vector Fleet Contract

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BACKGROUND

In January 2018, the City issued a Fleet Management and Maintenance Service Request for Proposal (RFP) with the intent to contract with one or more commercial fleet service provider(s) that best met the City's need for high quality fleet management and maintenance services. The City's efforts to find a commercial service provider ended with the decision between two vendors. On November 26, 2018, City Council unanimously voted authorizing the City Manager to execute the contract with Vector Fleet Management, LLC (Contractor); the City entered into a ten year contract effective July 1, 2019.

The Contractor was responsible to provide fleet management and maintenance services for the City's 1,350 fleet units, to include vehicles and equipment owned, leased or operated by the City as identified in the City's Fleet Inventory identified in the contract. This fleet inventory provided a listing of vehicles and equipment and also classified the units as target or non-target. This classification was determined based on the unit's age, odometer reading, or hours reading as described in the Life Cycle Guidelines identified in the contract. The unit's designation as target or non-target provided the basis for invoicing. Invoicing was also determined by the type of service provided and the circumstances which required the unit to be serviced.

Target costs consisted of defined services provided by the Contractor with regards to target units for actual incurred costs including parts, supplies, outside services, personnel, overhead, administrative and management fees. Based on the Target Cost Commitment identified in the contract, the maximum yearly target costs totaled \$2,399,322 for the first year of the contract. Target costs were to be invoiced monthly for actual incurred costs.

Non-target costs would be invoiced to the City for actual incurred costs for non-target units. However, daytime labor for non-target units would not be charged as non-target costs. Additionally, the City could be charged non-target costs for non-target repairs, regardless of the unit's designation of target or non-target.

The following repairs were considered to be non-target for all City fleet: welding, accidents, capital improvement, operating and physical damage, excluded equipment (e.g. stationary generators, boats and temporary units), modifications, or other services not specifically defined in the agreement. Non-target costs were to be invoiced monthly to include all markups. Markups only applied to non-target costs which included a 5% parts markup and 1.5 % subcontracted services markup with the exception of accident repairs performed by subcontractors which the contract stated would be at cost with no markup.

Non-target and target repairs could also be subcontracted to a third-party vendor if the repair could be more economically performed. This included routine repairs due to time constraints or scheduling.

Although the City outsourced the maintenance of its fleet, a Fleet Manager was hired in July 2019 to administer the contract. The City's Fleet Manager was physically located at the fleet facility on Pepsi Lane,

Expenditure Category	Fiscal Year 6/30/2018	Fiscal Year 6/30/2019	Fiscal Year 6/30/2020
Fleet Maintenance ³	\$6,224,951	\$6,008,984	\$6,387,615
Salary & Benefits	0	20,248	119,705
On-Going Operating Costs	0	85,514	290,947
One-Time Costs	0	222,680	215,311
Totals	\$6,224,951	\$6,337,426	\$7,013,578
(less) One-Time Costs	0	(222,680)	(215,311)
Net Costs	\$6,224,951	\$6,114,746	\$6,798,267⁴

Fayetteville, NC. In support of the City's Fleet Manager, departments generally had personnel assigned as fleet coordinators.

The City's Fleet Management is accounted for within an internal service fund and had an adopted budget of \$7.1 million for fiscal year 2020. The City disbursed \$7.0⁵ million for fleet management and maintenance services in fiscal

³ Fleet maintenance costs reflect Public Works Commission (PWC) for fiscal year 2018 and 2019 and Vector Fleet Management, LLC for 2020.

⁴ Unaudited at the time of the review – Audit scope was July 1, 2019 – February 29, 2020

⁵ Amount does not include \$170k encumbered costs at June 30, 2020.

year 2020. Total net fleet costs were \$6.8 million, which represented an 11% increase from fiscal year 2019. These costs included \$6.4 million for contracted fleet services, \$120k for salary and benefits, \$218k for the facility lease, \$41k for utility charges and \$29k for indirect costs for fiscal year 2020.

Target costs for direct labor, parts and subcontracted repairs represented 16.76% of the total repair costs, and the Contractor’s costs for overhead, administrative and management fee represent 20.80%. The non-target repair costs represented 62.44% of the total repair costs.

Expenditure Category	Fleet Maintenance Costs FY 6/30/2020	% of Total FM Costs
Target Costs:		
Direct Labor and Parts	\$1,070,795	16.76%
Admin Overhead Mgt.	1,328,527	20.80%
Non-Target Costs	3,988,293	62.44%
Total Fleet Maintenance Costs	\$6,387,615	100.00%

AUDIT OBJECTIVES

The objectives of this audit were to assess whether the system of internal controls were adequate and appropriate for effective contract compliance with selected provisions of the executed contract as it relates to payments.

AUDIT SCOPE

The audit did not include an examination of all functions and activities related to the executed Vector Fleet Management and Maintenance Contract. The scope was limited to the above objectives and included expenditures from July 1, 2019 through February 29, 2020.

The audit covered \$3.2 million in fleet maintenance costs to the City. There were 6,889 repair orders consisting of target, non-target and subcontracted fleet services provided to 1,150⁷ City units from July 2019 through February 2020. The majority of these costs, \$1.4 million (42%), were reflected as non-target costs invoiced on target units. A stratified statistical sample of 817 repair orders was selected to determine if the costs were in compliance with contract terms. This report and its observations are based on information taken from the sample of repair orders.

Cost Type	Target Units	Non-Target Units	Unidentified Units	Total July 2019 - February 2020	Cost Type %
Target	\$ 428,095	\$ 212,637	\$ 48,767	\$ 689,499	21.4%
Non-Target	1,357,455	816,818	355,129	2,529,402	78.6%
Totals	\$1,785,550	\$1,029,455	\$403,896	\$3,218,901 ⁶	100.0%
# of Units	447	476	227	1,150	

AUDIT METHODOLOGY

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

- Interviewed personnel from the City Manager’s office, Airport, Development Services; Finance; Fire; Parks, Recreation and Maintenance; Police; Public Services departments, and Vector Fleet Management LLC;
- Reviewed the executed City of Fayetteville Fleet Management and Maintenance Contract Best and Final Offer effective July 1, 2019 and any other applicable guidelines related to fleet maintenance and management for compliance to include the North Carolina General Statutes;
- Reviewed repair orders maintained in the Contractor’s software, invoices and other documentation to include viewing the unit history folders at the fleet maintenance facility;
- Reviewed fixed asset records in JD Edwards, the City’s financial system;

⁶ Amount does not include the Contractors overhead, management and administrative costs.

⁷ Consists of 447 target, 476 non-target and 227 units that were not identified on Attachment A. Total does not include 240 repair orders, due to unit number not identified.

- Reviewed any additional documentation maintained related to the City’s fleet; and
- Considered risk of fraud, waste and abuse.

***FINDINGS, RECOMMENDATIONS,
AND MANAGEMENT’S RESPONSES***

Finding 1

Limited City verification of work performed and repair costs invoiced resulted in overpayments to the Contractor.

Criteria: Best practices in contract administration require payments to contractors be conditioned on satisfactory performance and not made unless the City has assurance the contractor is making adequate progress in fulfilling contract requirements.

Condition: The City’s verification of the Contractor’s performance was nonexistent or insufficient to ensure paid services were received and acceptable. The City paid the Contractor \$4,128,949 in target and non-target costs for fleet maintenance services through February 29, 2020 without verifying the work was performed or in compliance with contract terms. Internal Audit estimates through statistical sampling and extrapolation, the City overpaid non-target costs totaling \$711,201 through February 29, 2020.

Cause: City verification was limited for a variety of reasons to include a poorly written contract with vague terms, inadequate requests for data driven reporting from the Contractor’s Management Information System, and a lack of performance standards used to assess completeness and quality of work. In addition, the City did not adjust operations, expectations, and communication when the fleet management and maintenance was outsourced to the private sector.

Effect: The City paid for fleet maintenance services that could not be validated as work completed or were not in compliance with contract terms.

Recommendation

1. Evaluate and collect the amount overpaid in non-target costs for fleet maintenance services.
2. A cost analysis should be completed by experienced personnel in fleet maintenance relating to the startup and operational costs to determine the cost-benefit, if any, of the City operating the fleet maintenance operations.
3. Establish a Fleet Maintenance Committee comprised of representatives from various City departments that utilize fleet services. A Committee chair, preferably a manager from the City Manager’s Office, should lead the group. The Committee’s purpose should be to address fleet-related issues, such as developing fleet policies and procedures, and resolving fleet service-related issues. The Fleet Manager’s role should be to staff the Committee and bring topics and analysis to the Committee for discussion.
4. Amend the contract to establish clear differentiation between the fleet manager and contract administrator.
5. Establish a comprehensive review process, based on current contract terms, for all fleet maintenance charges from July 2020 until the contract is amended to ensure contract compliance and accountability.

Management’s Response

Recommendations #1, #2, #4 and #5 are no longer applicable, whereas, the Vector Contract was mutually dissolved June 30, 2021.

Recommendation #3: We concur. Management is in full agreement with the recommendation.

- a. Management believes establishing a “Fleet Committee” could be valuable and provide some desired clarity in accountability, areas of responsibility, establishment of agreed Standard Operating

Procedures (SOP's) and process improvements. The resulting recommendations will be either implemented or submitted to the City Manager's Office for consideration(s).

- b. Management will establish a weekly scheduled meeting with the Fleet Management and Maintenance Staff: Fleet Manager will facilitate this meeting. In addition management will schedule a monthly meeting with the full Fleet Committee, facilitated by a Staff member from the City Manager's Office.

Responsible Party: Chief Financial Officer or his/her Designee

Implementation Date: Recommendation #3:

- a. January 31, 2022 – Seek City Manager's Office approval to establish committee and select facilitator and members.
- b. February 28, 2022 – Conduct kick-off meeting

Finding 2

Vague contract terms made it difficult to understand the invoicing for the target cost commitment and shared savings requirements.

Criteria: The contract required the Contractor to perform all services involving target units for the actual incurred costs including parts, supplies, outside services, personnel, overhead, administrative, and management fee up to the maximum identified in the Target Cost Commitment, Attachment D.

The contract allowed the Contractor to receive 20% of any aggregate annual savings of the target cost commitment. The contract defined this as the difference between the twelve month billed costs, and fixed price included in the Target Cost Commitment.

The contract required the Contractor to provide payroll time sheets for all employees at the facility.

The Target Cost Commitment identified in Attachment D of the contract reflected the target costs for three years, specifically identifying totals for parts, labor, overhead, administrative, and management that sum to the total target cost commitment for each year.

Condition:

- 1. Invoiced target amounts were not an accurate representation of actual repairs, labor hours and incurred costs performed by the Contractor on City fleet:
 - a. The City's monthly target invoices were a fixed monthly amount of 1/12th of the total target costs commitment of \$2,399,322. As of February 2020, \$1,242,382 was paid by the City for target labor, parts and subcontracted costs with only \$689,499 in detailed invoices to authenticate the costs.
 - b. The difference between the invoiced (fixed amount) and actual target costs for labor, parts, and subcontracted services totaled \$552,883. No additional information was provided by the Contractor to authenticate the amount, whereas, the costs were for management overseeing the contract and considered privileged information. However, the contract requires payroll time sheets to be provided for all employees at the facility. Because these costs were not a part of the overhead, administrative and management cost components, they were deemed to be overpaid target costs.
 - c. Additionally, the City paid 1/12th of overhead, administrative and management costs totaling \$357,166 through February 2020.
- 2. The 1/12th fixed monthly target costs invoicing did not allow for the 20% aggregate annual savings of the target cost commitment to be considered.

Target Cost Components	Invoiced (Fixed Amount) Target Costs	Actual Target Costs	Amount Unable to Authenticate
Labor, Parts, Subcontracted	\$1,242,382	\$689,499	\$552,883

3. The annual operating statement provided by the Contractor could not be reconciled to fleet reports provided due to the City only having access to non-privileged information pertaining to work under the contract.

Cause: The Contractor invoiced the City based on feedback during the request for proposal process that stated the target cost was of a “firm fixed nature” that would be invoiced in 1/12th increments each month. However, the request for proposal documentation was not included in the fully executed contract. Furthermore, management did not ensure inconsistencies were addressed with the Contractor and memorialized with an amendment to the contract if necessary.

Effect: Without the ability to validate actual unit costs, to include the breakdown of maintenance and administrative cost per unit, the City is unable to evaluate fleet service effectiveness (quality and efficiency) creating the opportunity for the City to erroneously overpay for fleet maintenance services.

Recommendation

1. Evaluate and consider collecting from the Contractor the 80% savings based on the actual target costs of labor, parts and subcontracted services through June 30, 2020.
2. Consider the cost benefit, if any, of changing models from target/non-target to direct invoicing based on actual incurred costs for all fleet units.
3. Under the current contract terms, an amendment should address the following:
 - a. Establish the monthly invoicing for target unit costs as either actual costs or a fixed 1/12th rate, considering the aggregate annual savings;
 - b. Ensure the invoicing and tracking of target costs captures actual unit costs to include labor hours; and
 - c. Establish a reconciling mechanism from the annual operating statement provided by the Contractor to the components reflected in the Target Cost Commitment.

Management’s Response

Recommendations are no longer applicable, whereas, the Vector Contract was mutually dissolved June 30, 2021.

Finding 3

Fleet management processes were not established.

Criteria: Prior to the start of the contract, City management should have established processes consistent with contract terms and ensured all City personnel that utilize fleet services were aware of their role to ensure a successful implementation. In addition, the aspects of fleet management, provided by the previous fleet maintenance and management provider, should have been identified and addressed.

Processes should have included essential internal controls, to include but not limited to, clear lines of responsibility and written prior approvals. Prior approvals were needed for the City to analyze costly repairs on units, determine if the repair was essential, and review the City’s current vehicle replacement plan to ensure the unit is not pending replacement. Once established, these processes should have been memorialized in written policies and procedures.

Condition: Based on Internal Audit’s review, clear processes were not established in the following areas:

1. Complete prior approval guidelines were not documented in the contract, and the City did not establish additional written guidelines to ensure the Contractor understood the prior approval expectations to include approval thresholds and the format required to communicate the approvals. Internal Audit was unable to validate prior approvals were consistently obtained, or the necessity of repairs on units on the City’s vehicle replacement plan.
2. A process was not established to ensure annual safety and emissions inspections were performed timely and in accordance with NCGS. Therefore, the City was assessed civil penalties by the North Carolina

Department of Transportation Division of Motor Vehicles for annual safety and emissions inspections not being completed by December 31, 2019.

3. The contract did not require the Contractor to adhere to motor labor guidelines. A process to review these guidelines against the actual hours invoiced by the Contractor would have provided oversight and accountability. Based on Internal Audit inquiry, the Mitchell One Labor Guide was available to the City but not used.

Cause: A sufficient analysis was not conducted prior to the turnover of fleet maintenance to the Contractor to ensure all processes provided by the previous fleet maintenance and management provider would still be conducted; determine any new processes needed to provide contract oversight, and designate clear lines of responsibility for these processes. In addition, no policies and procedures were written to clearly outline the processes and ensure accountability.

Effect: Without processes for proper oversight, the City could be assessed NCGS fines, pay for unnecessary repairs, to include repairs with excessive labor costs or unwarranted repairs for units where costs would exceed the unit's replacement value.

Recommendation

1. Establish and document clear, high quality and consistent, contract monitoring and compliance processes, to include but not limited to prior approval guidelines; monitoring for required annual safety and emissions inspections, and evaluating Contractor labor hours to industry standards.
2. Publish, communicate and implement written policies and procedures City-wide, to include but not limited to personnel who utilize fleet services.
3. Provide training on contract policies and procedures for compliance and monitoring.

Management's Response

Recommendation #1 is no longer applicable, whereas, the Vector Contract was mutually dissolved June 30, 2021.

Recommendation #2: We concur. Management is in full agreement with the recommendation.

- a. Management will author and/or update the current policies and procedures, as relates to fleet management and maintenance.
- b. The policies and procedures will be developed with the assistance, concurrence of the "fleet committee" and authorized by the City Manager's Office.

Recommendation #3: We concur. Management is in full agreement with the recommendation.

- a. Management will prepare and schedule appropriate training.

Responsible Party: Chief Financial Officer or his/her Designee

Implementation Date:

Recommendation #2: December 31, 2021 – Develop a comprehensive Fleet Maintenance and Management Policy and Procedures Manual.

Recommendation #3: March 31, 2022

Finding 4

Reports and invoices were insufficient for contract management and financial oversight.

Criteria: The contract was specific on records and reporting requirements of the Contractor, including access to books and records, management report, general records and files, weekly reports, monthly report, annual performance report, the management information system (MIS) and public records.

The records, along with read only access to the Contractor's Management Information System and the data contained within the system, were for the purpose of auditing and verifying cost of work.

The Contractor was required to use a compatible computerized record keeping system capable of providing information in the form of a management report with specific details reflected in the Contract.

General records and files to ensure accurate and up-to-date information of maintenance and repairs were required by the contract to include a unit history folder, preventative maintenance records, repair orders, daily log, time cards, payroll time sheets, transmittals, and miscellaneous records. The contract required all records and report forms to be reviewed and approved by the City prior to use under the general records and files section.

Specifically, the contract required a written repair order for each unit the Contractor serviced. One (1) copy each was required to be provided to the City agency responsible for the unit and to the contracting officer. The Contractor's copy was required to be kept in the Unit History Folder.

In addition, the Contractor was required to prepare a unit-of-service total invoicing after each repair or preventative maintenance, to include all cost subcategories relevant to the costing methodology. It was to provide a complete cost of work performed and to break out the costs by type of service, vehicle, equipment and department assigned.

Condition:

1. The City did not receive or require from the Contractor the comprehensive listing of records and reports identified in the contract to assess the fleet maintenance services. Additionally, the reports that were provided by the Contractor were inconsistent, limiting management's ability for proper oversight.
2. Multiple repair orders were opened for a unit making it difficult to determine the initial request as well as all supplemental repairs completed.
3. Repair orders reflecting parts only or subcontracted services did not show the date the service was provided.
4. Subcontracted service invoices to include a description of work completed were not accessible to the City within the reports portal or in the unit's history folder.
5. Repair orders were not closed when the repair was considered complete and the unit was released from the Contractor.
6. Repairs completed could not be viewed on the Contractor's Management Information System until the repair order was closed.
7. The unit's designation as well as the repair's designation of target or non-target were not included on reports within the Contractor's reporting portal.
8. The coding on repair orders for repair reasons, component descriptions, and technician comments were inconsistent and unreliable.
9. Reports, to include daily downtime reporting and the supporting documentation for monthly invoices were not accessible in the Contractor's reporting portal and were only received via email.

Cause: Management did not ensure inconsistencies in reports were addressed to provide adequate oversight of repairs completed. In addition, there was no request for copies of repair orders or unit-of-service total invoicing to determine the cost, the designation of target or non-target and the work completed on a unit.

The information necessary to fully track unit repairs, to include sufficient information on repair details, dates and times were not requested. Lastly, the repairs orders were not required or requested to be closed at the time of completion.

Effect: Without timely and detailed repair information, the City is unable to track the repairs on units which increases the risk of being charged for re-repair (rework), warranty work, and duplication of costs. Without reliable and complete reporting, adequate oversight cannot be provided.

Recommendation

1. Enforce contract provisions for reporting and record keeping, to include but not limited to requiring one copy of all repair orders be provided to contracting officer and City agency responsible for the unit when unit is released from facility.
2. Establish a consistent review of the Contractor's invoices and reporting to ensure accuracy, completeness.
3. Consider requesting from the Contractor:
 - a. Time stamped reports for all services to include parts requests and subcontracted services;
 - b. All repair orders associated with a unit to be closed at the time the unit is released from the Contractor;
 - c. The ability to review invoices from subcontracted services on the Contractor's Management Information System; and
 - d. The ability to determine target versus non-target costs when generating a report from the Contractor's system.
4. Ensure reliable and consistent information is provided from the Contractor related to the coding on repair orders for repair reasons, component descriptions, and technician comments.

Management's Response

Recommendations are no longer applicable, whereas, the Vector Contract was mutually dissolved June 30, 2021.

Finding 5

The listing of City units, as shown in the contract's Attachment A, was not complete or amended during the fiscal year.

Criteria: The contract defined the fleet as the 1,350 vehicle and pieces of equipment and any units that may be added or deleted. It also defined units as owned, leased or operated by the City and identified in the listing on Attachment A or as amended by the City.

The designation of target and non-target units was also identified on Attachment A and was based on the Life Cycle Guidelines in Attachment C. In addition to the Life Cycle Guidelines, units may be designated as target units by the City and Contractor after refurbishment, assessment, or other actions through a revision to the fleet inventory Attachment A.

Additionally, excluded equipment was referred to in the contract as a non-target cost for repairs to equipment not specifically included in the fleet inventory covered by the agreement.

The contract further stated all prior and planned changes to fleet inventory would become a part of target fleet and the target cost model annually. However, increases in fleet size for each unit classification in excess of 5% would be treated as non-target units until the next annual adjustment. Decreases in fleet size would also be captured during the annual adjustment.

Condition:

1. City management did not ensure Attachment A was a complete listing of units, to include the prior and planned changes to the fleet as reflected on the City's vehicle replacement plan at the start of the

contract on July 1, 2019⁸. Internal Audit noted repair orders for units acquired prior to the execution of the contract charged as non-target because the units were not part of the executed agreement, therefore, deemed excluded equipment. The contract only refers to repairs on equipment as excluded, indicating vehicles are not excluded.

2. An annual adjustment to the fleet inventory was notated within the contract terms but not defined to address when the adjustment should take place.
3. Furthermore, the process to place units on Attachment A outside of an annual adjustment was not clear.

Cause: The contract was executed with the listing of units on Attachment A created during the request for proposal in 2018. The inventory was incomplete and not amended to reflect all City units or units on the Fiscal Year 2020 vehicle replacement plan. The contract stated an annual adjustment will be conducted; however, no adjustments were made.

Effect: Without clear guidance in the contract on amending Attachment A, the City runs the risk of being charged additional non-target costs as excluded equipment.

Recommendation

1. Conduct an inventory of all owned and leased City units to be serviced by the Contractor and amend Attachment A.
2. Amend the contract terms to establish when the annual adjustment will take place, and the process for units to be placed on Attachment A outside of the annual adjustment, ensuring clear and specific deliverables.

Management's Response

Recommendations are no longer applicable, whereas, the Vector Contract was mutually dissolved June 30, 2021.

Finding 6

The process for evaluating life cycle guidelines was not defined in the contract.

Criteria: Life Cycle Guidelines determine when a unit becomes non-target and were described in Attachment C. The attachment included a unit category followed by a unit type. Each unit type was assigned a life cycle based on a maximum age and mileage/hours reading, whichever comes first, to shift target units to non-target. The life cycle guidelines were baselines used in the creation of the Attachment A fleet inventory.

The contract allowed the Contractor to charge a non-target cost for units outside of life cycle guidelines, Attachment C.

Condition:

1. The City allowed target units to be charged non-target costs without notification or validation that the units were outside of life cycle guidelines, Attachment C.
2. The City allowed bulk changes to unit designations from target to non-target on July 1, 2019 and January 1, 2020 without an amendment to Attachment A.

Cause: The contract did not address the starting date of a unit's life cycle. In addition, Attachment A did not provide the category or type of unit to clearly identify the guidelines used to determine the unit's life cycle. The contract also did not address the notification and approval process when a unit exceeded its target life cycle causing units to be charged for non-target repairs regardless of the designation reflected on Attachment A.

⁸ Vehicle replacement plan units for the FY2020 budget

Effect: The City runs the risk of being charged additional non-target costs for units previously designated as a target unit.

Recommendation

Amend the contract terms to reflect the following:

- a. Starting date of a unit's life cycle, to include providing the life cycle category or type of unit that coincides with the life cycle guidelines on Attachment A.
- b. Notification and approval process when units are no longer designated target due to the life cycle guidelines in Attachment C.

Management's Response

Recommendation is no longer applicable, whereas, the Vector Contract was mutually dissolved June 30, 2021.

Finding 7

Non-target costs invoiced due to neglect or abuse did not always conform to contract requirements.

Criteria:

Non-target costs included fleet maintenance services paid monthly at the Contractor's actual incurred costs, to include the mark-up rates of 5% for parts and 1.5% for subcontracted service.

The contract allowed the Contractor to charge non-target costs on both target and non-target units. Non-target work included: accidents, capital improvements, operating and physical damage, excluded equipment, modification, other services and units outside of life cycle guidelines, Attachment C.

The contract required abuse to be demonstrated by the Contractor to the City. In addition, the Contractor had the responsibility to identify any evidence of abuse, misuse, or obvious error by the operator resulting in physical damage to the unit and provide the City with documentation of the suspected abuse as part of the next day daily report to the City.

Condition:

1. Non-target costs, to include markup rates, were charged on target units due to abuse; however, the abuse was not always demonstrated to the City by the Contractor.
2. When non-target work was performed on target units, target work not related to the abuse was invoiced as non-target work on the same repair order.

Cause: Daily and monthly reports provided to the City by the Contractor did not always reflect the non-target work and costs caused by neglect or abuse, as required by the contract. City management did not follow-up and request documentation to substantiate the non-target costs on target units.

Effect: When contract requirements are not followed and sufficient reviews are not performed, there is no assurance the services paid were based on contract terms. As a result, non-target costs paid did not comply with contract terms, and the City overpaid for fleet services.

Recommendation

1. Review repair details to identify units reflecting costs inconsistent with the unit's target/non-target designation.
2. Review actual charges for every accident or alleged incident of neglect or abuse to the approved estimates.
3. Establish a process to identify types of neglect and abuse, communicate incidents to management for operator responsibility and provide additional training on equipment and vehicles to mitigate the damages.

4. Clarify contract terms to define when non-target work can be charged on target units, to include but not limited to a definitive list of non-target work.

Management's Response

Recommendations are no longer applicable, whereas, the Vector Contract was mutually dissolved June 30, 2021.

Finding 8

Standard daytime operational hours were charged as non-target costs on target and non-target units.

Criteria: The contract stated the Contractor will perform all services with regards to target units for actual incurred costs including, personnel up to the maximum identified in target cost commitment, Attachment D. Furthermore, labor costs during standard daytime operational hours would not be charged as non-target costs for non-target units.

In addition, Attachment D reflected the hourly rate of \$44.85 only applied outside normal daytime business hours for non-target repairs.

Condition: Non-target costs were charged on target and non-target units for labor during standard daytime operational hours in violation of the contract.

Cause: The contract did not define a situation in which labor during standard daytime operational hours would be invoiced to the City as a non-target cost. However, the Contractor did not interpret the contract to mean daytime labor would never be charged for units identified within the contract.

Furthermore, management did not ensure inconsistencies were addressed with the Contractor, and memorialized with an amendment to the contract for daytime labor charges invoiced to the City.

Effect: The City was overcharged non-target costs resulting in an overall increase in fleet maintenance costs.

Recommendation

Develop clear and verifiable contract terms as it relates to costs associated with standard daytime labor hours.

Management's Response

Recommendation is no longer applicable, whereas, the Vector Contract was mutually dissolved June 30, 2021.

Finding 9

The contract terms for towing services, mobile service unit, and emergency road calls were nonexistent or did not provide clear direction.

Criteria: The contract's scope of service stated the Contractor would provide towing as may be required. Additionally, the contract specifically addressed towing services within the "road calls" section stating the City towing Contractors would be dispatched to retrieve and deliver the unit to the facility for service.

The contract allowed the Contractor to invoice the City non-target costs for services provided by the Contractor at the request of the City not specifically defined in the agreement.

The contract's scope of service explained a mobile service unit would be provided to assure the continuity of effective and economical operation of the units. The Contractor would operate a mobile service unit for

minor repairs and preventative maintenance onsite when doing so was technically feasible and reduced downtime.

Condition:

1. The contract did not state all costs related to subcontracted towing services were to be invoiced as non-target costs for target units. Therefore, towing costs would be charged based on the target cost model for target units. However, towing was invoiced as non-target costs with the 1.5% subcontracted services markup on target units.
2. The contract did not define “road calls;” the section only applied to towing. This allowed “emergency road calls” to be considered “other services” and charged as non-target work. Internal Audit noted repair orders for the Fire and Solid Waste departments with emergency road calls charged as non-target costs for target units. However, the repairs could be considered a service provided by the mobile service unit.
3. The mobile service unit was not used in a capacity that met the City’s expectations.

Cause: Management did not ensure inconsistencies were addressed with the Contractor and memorialized with an amendment to the contract when practices deviated from contract requirements, for example non-target costs for towing target units.

Feedback during the request for proposal process indicated the City decided to omit road call requirements. The direction in this feedback was if the units were inoperable the City towing Contractors would be dispatched to retrieve and deliver the unit to the appropriate fleet maintenance provider. Therefore, emergency road calls was not a part of the scope of services within the contract.

The contract did not define services applicable to road call and mobile service unit, to include if the costs would be charged based on the target cost model, allowing services to be charged as non-target work.

Effect: Without clear guidance in the contract on the services provided, to include differentiation between road calls and the mobile service unit, the City runs the risk of being charged by the Contractor non-target costs under “other services”.

Recommendation

Amend the contact terms as it relates to the scope of service for towing, road calls and the mobile service unit that will provide clarification, including but not limited to costing methodology and clear and specific deliverables.

Management’s Response

Recommendation is no longer applicable, whereas, the Vector Contract was mutually dissolved June 30, 2021.

Finding 10

Repair and parts requests were considered by the Contractor as directed work.

Criteria: The contract allowed the City to instruct the Contractor to perform additional tasks related to the proper management and upkeep of the Fleet as directed work. It required the City to send the Contractor a written task order detailing tasks to be performed and in return the Contractor would submit a proposal to perform the tasks on a targeted price basis that itemizes the direct labor, parts, sub-contracted services, and materials. The City would accept or reject the proposal.

The contract also included a quick fix repair option for minor repairs of less than one-hour duration when the unit operator chose to wait for service. Units repaired under Quick Fix would be moved to top priority.

Condition:

1. Based on Internal Audit inquiry, directed work was used as validation for non-target costs, but no written task order, proposal or approval was provided.
2. Non-target costs were charged on target units when the operator of the unit requested work to be completed same day, and the Contractor had to adjust to accommodate the request.
3. Quick fix services were an option in the contract for minor repairs but no clarification was provided to determine when this option was applicable or when the work completed would be considered “directed.”
4. Parts only requests were deemed not part of the contract scope and invoiced as non-target regardless of the associated unit’s designation.

Cause: Contract requirements for the task order and accepted proposals in relation to directed work were not clear or followed to determine when this contract provision was applicable. The City representatives authorized to direct work were not clear. Work on non-target units was postponed to the second shift (5pm-12am) when the hourly rate for labor became a non-target cost.

Effect: Non-target costs increased when the requirements within the contract were not enforced for directed work or quick fixes.

Recommendation

Amend the contract terms to clarify directed work and quick fixes to include costing methodology, specific deliverables and individuals approved to initiate, review, and approve directed work task orders.

Management’s Response

Recommendation is no longer applicable, whereas, the Vector Contract was mutually dissolved June 30, 2021.

Finding 11

Standards were not enforced for the Contractor’s performance.

Criteria: Performance measurement was the process of identifying indicators that would demonstrate the Contractor’s efficiency and effectiveness in delivering the City’s fleet maintenance services. The contract specified performance measures for downtime, fleet availability, turnaround, rework and preventative maintenance.

The contract established performance standards to minimize downtime. These standards allowed the City to assess penalties if the Contractor did not meet the defined standards in Attachment E for daily fleet availability; monthly downtime; preventative maintenance turnaround and compliance, and rework.

The contract excluded the following from the calculation of downtime: non-target units or repairs, units awaiting repair authorization, and units specifically exempted by the City.

Condition: The City did not track the Contractor’s adherence to the performance standards or assess any penalties for downtime. The City did not evaluate the necessity of both non-target and target units for City operations and identify the need to track downtime for both target and non-target units.

Cause: The contract was not clear in calculating the monthly penalty or clarify if the penalty was per unit or a flat rate per month for each category identified in Attachment E. In addition, the City did not implement a method for tracking downtime, documenting excessive downtime or amend the contract as necessary.

Effect: Without performance standards, management is unable to develop solid budget justifications and is unable to measure the effectiveness and efficiency of the Contactor for proper oversight and accountability.

Recommendation

1. Amend the contract to include clear, quantifiable and enforceable performance standards, to include identifying the fleet services that are excluded from the performance standards.
2. Establish and document a process to monitor the performance standards and assess penalties as necessary.

Management's Response

Recommendations are no longer applicable, whereas, the Vector Contract was mutually dissolved June 30, 2021.

Finding 12

The City was overcharged for fleet maintenance services.

Criteria: The City should have established and provided adequate financial oversight to include a review of the repair orders and invoices each month prior to payment. The review should have determined if the City was invoiced in accordance with contract terms and not invoiced for duplicate or erroneous charges.

The contract required the Contractor to track and identify multiple repairs for the same deficiency in the same unit (rework) which would not be billed to the City.

For warranted parts, the contract required the Contractor to warrant products supplied for sixty days (60), or the length of time of any warranty given by the manufacturer or rebuilder/remanufacturer, whichever is greater, after acceptance by the City.

The contract stated accident repairs would be invoiced to the City without markup (1.5%).

Condition: The financial oversight was not sufficient to detect the following:

1. The City was charged for the same deficiency and/or parts more than once.
2. Labor hours exceeding 8 consecutive hours to include hours outside of the Contractor's hours of operation (between 12:01 AM to 6:59 AM) were invoiced.
3. Labor hours invoiced did not indicate the mechanics start or end time, only a total number of hours preventing Internal Audit from validating the total labor hours invoiced.
4. Subcontracted service amounts were invoiced under a repair order which did not clearly show all work performed, parts provided or service dates.
5. Warranty work, to include parts used by the Contractor were not documented preventing Internal Audit from identifying invalid charges to the City. Based on Internal Audit inquiry, warranty work was subcontracted.
6. Accident repairs were charged the 1.5% subcontracted services markup.

Cause: Reports and invoices were not sufficient to provide oversight for warranty work, rework and labor hours. However, the City did not request additional reports to include subcontracted service invoices. In addition, labor hours that appeared to be outside the operational hours of the contract and re-repairs were not addressed by the City.

Effect: The lack of detailed timely information increases the risk of the City being charged for re-repair (rework), warranty work, duplication of costs, or erroneous charges.

Recommendation

Ensure invoices and reporting contain sufficient detail to provide oversight for warranty work, rework and labor hours.

Management's Response

Recommendation is no longer applicable, whereas, the Vector Contract was mutually dissolved June 30, 2021.

Finding 13

Safety and emissions inspections and sales tax were not invoiced in compliance with the North Carolina General Statutes.

Criteria: The contract required the Contractor to comply with all applicable ordinance, statute, law or regulation which included North Carolina General Statute (NCGS) for safety and emissions inspection fees and sales and use tax.

Condition: The City was not invoiced in compliance with State guidelines in the following areas:

1. The City was invoiced over the maximum allowed by NCGS 20-183.7 for safety and emission inspections. In addition, NCGS 20-127 exempts law enforcement vehicles from window tinting restrictions. However, the City was invoiced for tinted window inspections on these vehicles.
2. Sales tax was invoiced at a flat 7% which incorrectly applied taxes on safety and emissions inspections and towing which were tax exempt services under NCGS 105-164.13. In addition, the City would be charged sales tax twice for subcontracted services if sales tax from the subcontracted service provider was included on the total charge to the City, and again when the 7% was applied to the monthly invoice.

Cause:

The City's review of the monthly invoices was not sufficient to determine how fees and sales tax were invoiced. As it relates to fees and sales tax invoiced by a third party, the City did not receive copies of the subcontracted service provider invoices to determine if the City was invoiced correctly.

Effect:

The City was invoiced and paid more than allowed by the North Carolina General Statutes.

Recommendation

Establish a review process that ensures safety and emissions and sales tax are invoiced as allowed by the North Carolina General Statutes.

Management's Response

Recommendation is no longer applicable, whereas, the Vector Contract was mutually dissolved June 30, 2021.

CONCLUSION

The Vector Fleet Contract was negotiated and executed with the intent for the Contractor to reduce overall fleet maintenance costs, improve fleet availability, increase fleet operating efficiency and improve services by providing best practices to the City fleet function. Although there are risks associated with every contractual relationship, this audit highlighted vague contract terms that made it difficult to understand the contract requirements, ultimately impacting the success of the fleet function. Additionally, lack of effective contract monitoring and oversight of the fleet contract created an environment that would be hard to detect fraud, waste and abuse.

Internal Audit identified additional areas creating risks for the City. These were not part of the conducted audit but will need to be addressed by City management to ensure high quality and effective fleet management:

- Compare actual repair costs versus the estimate reviewed and approved by the City;
- Tracking and documenting fixed assets as they pertain to the fleet inventory;
- Accident tracking and subrogating claims timely;

- Fuel management, to include the use of the AIMS fueling system and ending the use of fuel fobs; and
- Surplus units consistent with the City’s vehicle replacement plan, to include timely disposal of the units using GovDeals.

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 the many departmental personnel for their dedication and numerous courtesies extended during the completion of this audit.

SUBSEQUENT REVIEW

Due to the exceptions identified, a subsequent review of information was conducted, but not audited. The review reflected \$537,713 (36.9% of total non-target costs) were charged on target units from March 2020 through June 2020 for fleet maintenance services. This amount included \$62,312 charged for standard daytime labor. Based on the contract, all services are to be performed in regards to target units, to include personnel up to the maximum of the target cost commitment. In addition, the subsequent review of non-target costs reflected \$5,428 in standard daytime labor costs for non-target units. The contract reflects labor costs for non-target units during standard daytime operational hours would not be charged as non-target costs. The review results were turned over to management for follow-up with the Contractor.

March 2020 through June 2020	Total Non-Target Costs	Total Target Units Charged Non-Target Costs	% of Non-Target by Fund
General Fund	\$ 818,442	\$162,391	19.8%
Environmental Fund	562,139	366,273	65.2%
Storm Water Fund	34,741	7,305	21.0%
Airport Fund	43,724	1,744	4.0%
TOTALS	\$1,459,046	\$537,713	36.9%

Distribution:

Audit Committee
 Douglas J. Hewett, City Manager
 Jay Toland, Assistant City Manager/Chief Financial Officer

Office of Internal Audit



Annual Audit Plan

Fiscal Year 2022

Director of Internal Audit

Elizabeth Somerindyke

Senior Internal Auditor

Rose Rasmussen

Internal Auditor

Amanda Rich



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Director of Internal Audit
Elizabeth Somerindyke

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Rose Rasmussen

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Amanda Rich

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

Mailing Address: 433 Hay Street, Fayetteville, NC 28301



October 28, 2021

Members of the Audit Committee

Enclosed is the proposed Fiscal Year 2022 Audit Plan for the Office of Internal Audit.

The development of this year's plan was significantly impacted by the Covid-19 pandemic and the implementation of the City's HUB ERP project.

Our office has been actively involved in the City's HUB ERP project to assist other departments in the implementation. Additionally, the Covid-19 pandemic has impacted the resources in our office and other departments to support audit work.

Several audits that we did not start in 2021 will roll into the 2022 plan as these audits are still relevant and important. Additionally, the proposed 2022 plan includes an attestation engagement related to the implementation and additional hours reserved for support of the City's HUB ERP Oracle and audit projects related to Kronos implementation within our public safety departments.

The FY2022 Proposed Audit Plan includes funding for the Audit Director and two Auditors. An estimated total of 2,990 hours were used to develop the FY2022 audit plan.

The results of the fiscal year 2022 Audit Plan are presented along with the estimated time allocation for audits and projects. Actual scheduling of selected projects may be affected by personnel turnover, special audits, and unforeseen circumstances in a scheduled audit.

The 2022 plan includes 5 new performance audits, 1 follow-up audit, and 1 attestation project.

I welcome discussion on the proposed audit plan and request approval.

Respectfully,
Elizabeth Somerindyke
Internal Audit Director

A. Audit Projects Carries Forward from 2020 and 2021 Work Plan		Estimated Hours	Total
A.1.	In Progress		
A2020-04	Vector Fleet Contract	20	
	<i>The audit will assess whether the system of internal controls is adequate and appropriate for effective contract compliance with selected provisions of the contract as it relates to payment.</i>		
A2021-01	Police Department Confidential Funds	150	
	<i>The audit will be performed due to the sensitive and volatile nature of maintaining large amounts of cash on hand and in accordance with police department policy due to accreditation requirements.</i>		
A2019-05F	WEX Gas Cards Follow-up (Police only)	60	
	<i>The audit will determine that previously identified audit findings have been remediated by management as stated in management's responses.</i>		
A2021-02	Wireless Communication Usage (Cell Phones)	60	
	<i>The audit will assess the City's wireless communication usage to identify areas of risk and opportunities for potential savings.</i>		
A2021-04	Changes to Employee Pay	240	
	<i>The audit will determine if adjustments to employee base pay were properly approved, accurately calculated, processed timely and adequately supported.</i>		
A.2.	For Completion		
A2021-03	Community Development Housing Rehabilitation Program	300	
	<i>The audit will assess the Housing loans (deferred loans, down payment assistance and housing rehabilitation loans and development loans) to ensure compliance with the contract with AmeriNational.</i>		
	Total Hours for Audit Projects Carried Forward from 2021 Work Plan		830

B. New Audit Projects for 2021-2022		Estimated Hours	Total
B.1.	Initial Audit Projects		
A2022-01 & A2022-02	Kronos Implementation (Fire and Police)	540	
	<i>The audit will determine if payroll processes and associated internal controls were adequate to ensure personnel were paid accurately related to Kronos implementation.</i>		
A2022-03	Procurement Card Program	240	
	<i>The audit will determine if the procurement card program is managed in compliance with policies and procedures and rebates are received as required.</i>		
A2022-04	Sub Recipient Grant Monitoring	240	
	<i>The audit will determine if the City is monitoring sub recipient activities to provide reasonable assurance that sub recipients are in compliance with grantor requirements.</i>		
A2022-05	Police Department Confidential Funds¹	40	
	<i>The audit will determine if the Police Department confidential funds are managed in compliance with policies and procedures.</i>		
	Total Hours for New Audit Projects for 2021-2022		1060

¹ Project will be started but not completed during the fiscal year.

C. Follow-up Projects for 2021-2022		Estimated Hours	Total
C.1.	Initial Follow-up Audit Projects		
A2020-02F	Accounts Payable Timeliness	180	
	<i>The audit will determine if recommendations in the Accounts Payable Timeliness audit have been effectively implemented.</i>		
	Total Hours for Follow-up Projects for 2021-2022		180
C.2.	Pending Follow-up Audit Projects for Future Audit Plans		
A2016-02F2	Permitting and Inspections	200	
A2018-01F2	Evidence and Property Management	200	
A2016-05F	PRM Nonresident Fees	200	
A2016-06F	Contract Practices and Procedures	200	
A2018-04F	Performance Measures	200	
A2019-04F	Residential Solid Waste Fees	200	
A2019-06F	Code Violation Enforcement and Collections	200	
A2020-01F	Police Payroll	200	
A2021-02F	Wireless Communication Usage	200	
A2020-04F	Vector Fleet Contract	200	
	Total Hours for Pending Follow-up Audit Projects		2000

D. Attestation and Required Projects for 2021-2022		Estimated Hours	Total
D.1.	Initial Attestation Project		
C2022-1	HUB ERP Oracle Access Controls Review	200	
	<i>The review will analyze user access and test for consistency with personnel responsibilities.</i>		
	Total Hours for Attestation Projects		200
D.2.	Required Annual Review Projects		
R2022-01	Proxy Card	80	
	<i>The review is pursuant to City Policy #607 Proximity Card Access to review the proximity card systems to ensure proper controls were followed for activation and deactivation.</i>		
R2022-02	Conflict of Interest	160	
	<i>City of Fayetteville's Code of Ethics. Section 2-95(j) requires annual conflict of interest process to be conducted.</i>		
	Total Hours for Required Annual Review Projects		240

E. Internal Audit Management and Administration		Estimated Hours	Total
	Other City Auditor Duties	160	
	HUB - ERP Validation and Verification Project	120	
	HUB – ERP Support	200	
	Office Management/Support	1180	
	Staff Development	80	
	Approved Holidays	248	
	Approved Employee Leave ²	894	
	Total Audit Management and Administration		2882
	TOTAL HOURS		5392

² Audit hours were reduced by 432 hours for maternity leave and are included in approved employee leave.

F. Future Audit Projects 2022 - 2027		Estimated Hours	Total
	Small Asset Management³	240	
	<i>The audit will evaluate the adequacy of internal controls, effectiveness, and policy and procedure compliance of the City's small asset management system.</i>		
	Downtown Parking Collection³	960	
	<i>The audit will evaluate the efficiency and effectiveness of the City's parking management contract with Republic Parking System.</i>		
	Citywide Payroll Processes³	960	
	<i>The audit will assess the adequacy of internal controls governing the City's payroll process.</i>		
	Off Boarding Access Rights³	480	
	<i>The audit will evaluate the internal controls related to IT access rights during employee off boarding process.</i>		
	Body Camera Policy Compliance³	480	
	<i>The audit will evaluate whether body worn cameras were being used and executed in accordance with established laws, regulations, guidelines, policies and procedures.</i>		
	American Rescue Plan Act (ARPA) of 2021 Compliance	960	
	<i>The audit will determine if ARPA funds followed City Council direction and/or grantor guidelines.</i>		
	Emergency Rental Assistance Program (ERAP)	960	
	<i>The audit will determine if ERAP funds followed City Council direction and/or grantor guidelines.</i>		
	CARES Act Funding	480	
	<i>The audit will determine if CARES Act funding followed City Council direction and/or grantor guidelines.</i>		
	Asset Forfeiture Program	320	
	<i>The audit will assess compliance with applicable laws, regulations, policies and procedures.</i>		
	Take Home Vehicles	320	
	<i>The audit will assess compliance with City policies, Federal taxation regulations and internal controls related to take home vehicles.</i>		
	Performance Bond Compliance	480	
	<i>The audit will assess compliance with performance bonds and insurance requirements from contractors to cover the City against risks.</i>		
	Stormwater Drainage Assistance	480	
	<i>The audit will assess if the Drainage Assistance Program (DAP), (City Code Chapter 23-3.2), followed City Council direction.</i>		
	Sales and Use Tax Administration	320	
	<i>The audit will determine if the City is in compliance with State sales tax and use laws and regulations.</i>		
	Fire Inspection Billings and Collections	480	
	<i>The audit will assess the internal control activities in place to capture, bill, and collect fire inspections and related fees.</i>		

³ Reflects projects from prior year audit plan. Due to limited resources, projects will be considered in future audit plans.

F. Future Audit Projects 2022 – 2027 (Cont'd)		Estimated Hours	Total
	FAST Farebox Receipting	960	
	<i>The audit will evaluate the physical security of farebox receipts, and the processes for processing, preparing for deposit, and reconciling farebox receipts in order to ensure compliance with applicable policies and procedures.</i>		
	Fixed Assets	640	
	<i>The audit will evaluate the internal controls related to tracking, documenting and surplusizing fleet inventory.</i>		
	Accidents and Subrogation of Claims	480	
	<i>The audit will determine the effectiveness of the City's process for seeking cost recoveries from claims involving damaged City property.</i>		
	Fuel Management	480	
	<i>The audit will evaluate the internal controls related to fuel usage at the City's fueling stations.</i>		
	Dependent Eligibility	640	
	<i>The audit will determine if dependents enrolled in the City's health and dental benefits are eligible based on eligibility requirements established by the City.</i>		
	Billing and Collections of Leases	480	
	<i>The audit will determine if property management of Airport facilities is properly managed to include billing and collections for leases.</i>		
	Accounts Receivable	240	
	<i>The audit will determine if Accounts Receivable are properly managed including collections and bad debt allowances.</i>		
	Airport Parking Operations	640	
	<i>The audit will evaluate the efficiency and effectiveness of the City's parking management contract for the Fayetteville Airport.</i>		
	Airport Rental Car Concession Agreements	960	
	<i>The audit will determine if rental car agencies accurately reported gross revenues and paid monthly fees based on contract terms.</i>		
	Benefits on Leave without Pay	480	
	<i>The audit will determine if internal controls and business processes relating to payments of benefits for employees that are on leave without pay are adequate and effective.</i>		
	Cash Receipts		
	<i>The audit will evaluate the current cash collection processes, policies, procedures and controls over the cashiering functions of the Parks Recreation and Maintenance Department (PRM).</i>	960	
	Total Hours for Future Audit Projects		14880



Office of Internal Audit

Internal Audit Annual Report

Fiscal Year 2021

Director of Internal Audit
Elizabeth Somerindyke

Senior Internal Auditor
Rose Rasmussen

Internal Auditor
Amanda Rich



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Mailing Address: 433 Hay Street, Fayetteville, NC 28301

INTRODUCTION

According to *City of Fayetteville, NC Internal Audit Charter*, the Internal Audit Director will annually report to the Audit Committee and the City Manager on the internal audit activity's purpose, authority, responsibility and performance relative to its annual audit plan. The Internal Audit Director is also responsible for reporting significant risk exposures, control issues, fraud risks, governance issues, and other matters needed or requested by the Audit Committee and the City Manager.

PURPOSE/MISSION

The mission of the Office of Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve the City of Fayetteville's operations. The Office of Internal Audit helps the City of Fayetteville's management team accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

<u>Key Performance Measures</u>	<u>FY 2020 Actual</u>	<u>FY 2021 Actual</u>	<u>FY 2022 Target</u>
% of Internal Audit recommendations accepted by management	100%	100%	100%

Acceptance of audit recommendations is an indicator of service quality. In fiscal year 2021, management accepted and provided estimated implementation dates for 23 of 23 recommendations included in two audit reports issued during the fiscal year. These results exceed the 83% industry benchmark published by the Association of Local Government Auditors.

To ensure the value added by making recommendations was realized and corrective actions were implemented, Internal Audit conducted five follow-up audits after management indicated all recommendations were implemented. The follow-up audits determined only 68% of recommendations had actually been implemented by management. These results are better than the 60% industry benchmark published by the Association of Local Government Auditors.

AUTHORITY

The Office of Internal Audit shall have full, free, and unrestricted access to any and all of the City of Fayetteville's records, physical properties and personnel pertinent to carrying out any engagement. All employees are expected to assist the Office of Internal Audit in fulfilling its roles and responsibilities. The internal auditors will also have free and unrestricted access to the City Council and the Audit Committee.

RESPONSIBILITY

Audit coverage will encompass, as deemed appropriate by the Internal Audit Director, independent reviews and evaluations of any and all management operations and activities to appraise:

- Measures taken to safeguard assets, including tests of existence and ownership as appropriate.
- Reliability, consistency, and integrity of financial and operating information.
- Compliance with policies, plans, standards, laws, and regulations that could have significant impact on operations.
- Economy and efficiency in the use of resources.
- Effectiveness in the accomplishment of the mission, objectives, and goals established for the City's operations and projects.
- Managing and responding to the Fraud hotline.

AUDIT SERVICES

AUDITS	STATUS
<p>Police Department Payroll (A2020-01) Since a paper timekeeping process has to be used until the electronic timekeeping system can be implemented, the Police Department payroll process needs to be updated and streamlined to ensure Police Department personnel are paid accurately and timely. In order to accomplish this, the Police Department needs to collaborate with the Finance and Human Resource Development Departments and the City Attorney’s Office on any timekeeping and payroll process changes to ensure all applicable guidelines are followed. In addition, personnel involved in the timekeeping and payroll process should be thoroughly trained on all applicable guidelines related to the process to include the FLSA.</p>	<p>Report Issued August 2020</p>
<p>WEX Gas Cards Follow-Up - Finance (A2019-05F) Internal Audit’s objective was to determine whether management implemented corrective actions to audit recommendations reported by the Office of Internal Audit and concluded that all recommendations for the Finance Department had been fully implemented.</p>	<p>Report Issued August 2020</p>
<p>WEX Gas Cards Follow-Up - Fire (A2019-05F) Internal Audit’s objective was to determine whether management implemented corrective actions to audit recommendations reported by the Office of Internal Audit and concluded that all recommendations for the Fire Department had been fully implemented.</p>	<p>Report Issued August 2020</p>
<p>WEX Gas Cards Follow-Up - Police (A2019-05F) Internal Audit’s objective was to determine whether management implemented corrective actions to audit recommendations reported by the Office of Internal Audit. The audit concluded on November 24, 2020 when management was informed that of the 17 recommendations, four (24%) were implemented, eight (47%) were not implemented, four (24%) partially implemented, and the status of one (6%) could not be determined. Management subsequently implemented seven additional recommendations, bringing the total implemented recommendations to 11 (65%) of the 17 while two (12%) remained not implemented and four (24%) partially implemented.</p>	<p>Report Issued January 2021</p>
<p>Accounts Payable Timeliness (A2020-02) Based upon test work performed, Internal Audit concluded:</p> <ol style="list-style-type: none"> 1. Defining timely payment as 30 days or less from invoice date, only 43% of the invoices sampled were paid within 30 days or less from the invoice date. Key performance indicators (KPI) defining timely payment of invoices should be established. Process streamlining of accounts payable could improve the timeliness of vendor payments. 2. Internal controls over the ACH process should be evaluated and updated, to include adequate review of ACH payments once files have been submitted to the financial institution for payment. 	<p>Report Issued January 2021</p>
<p>Evidence and Property Management Follow-Up (A2018-01F) Testing included an evaluation of 30 agreed upon recommendations to determine if corrective actions were implemented. Due to the COVID-19 restrictions, Internal Audit could not perform on-site fieldwork. Therefore, the status of five recommendations could not be determined and were not included in the percentages presented. The review concluded that 25% of the recommendations had been fully implemented, 38% were in progress, 25% implementation had not started and 8% could not be implemented</p>	<p>Report Issued April 2021</p>

<p>Permitting and Inspections Follow-Up (A2016-02F) Testing included an evaluation of 58 agreed upon recommendations to determine if corrective actions were implemented. During the original audit and continuing thereafter, the Department faced significant changes while implementing and working through the challenges of a new software program, turnover in key personnel, departmental reorganization and the ongoing uncertainty due to the COVID-19 pandemic. Through it all, substantial progress was made related to the audit recommendations resulting in 90% being fully implemented, 6% in progress and 4% with implementation that had not started.</p>	<p>Report Issued April 2021</p>
<p>Fleet Contract (A2020-04) The audit report is pending presentation to the Audit Committee. The Vector Fleet Contract was negotiated and executed with the intent for the Contractor to reduce overall fleet maintenance costs, improve fleet availability, increase fleet operating efficiency and improve services by providing best practices to the City fleet function. Although there are risks associated with every contractual relationship, this audit highlighted vague contract terms that made it difficult to understand the contract requirements, ultimately impacting the success of the fleet function. Additionally, lack of effective contract monitoring and oversight of the fleet contract created an environment that would be hard to detect fraud, waste and abuse.</p>	<p>Report Pending Release</p>
<p>Wireless Communication Usage (A2021-02) The audit report was presented to the Audit Committee in August 2021. Based upon test work performed, Internal Audit concluded:</p> <ol style="list-style-type: none"> 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. 	<p>Report In Progress</p>

FRAUD, WASTE AND ABUSE INVESTIGATIONS

The Office of Internal Audit also manages suspected cases of fraud, waste and abuse reported by employees, vendors and citizens. Such cases may be reported in various ways to include: in-person, telephone, e-mail or the City’s Fraud Hotline. The City’s Fraud Hotline is operated by a third party and reports can be made anonymously either over the telephone or online.

For fiscal year 2021, there were 17 incidents reported of which 18% were reported through the Fraud Hotline. Table 1 summarizes the various types of allegations received.

TABLE 1	%	%	100%
ALLEGATION TYPE	HOTLINE	NON-HOTLINE	TOTAL
Conflicts of Interest	0	2	2
Employee Relations	2	0	2
Fraud	0	2	2
Kickbacks	0	1	1
Safety Issues and Sanitation	1	0	1
Theft of Goods/Services	0	9	9
TOTAL	3	14	17

Allegations may be investigated by the Office of Internal Audit, referred to a City department (generally for lower risk issues), referred to a non-City agency (if relating to matters outside City jurisdiction or requiring external law enforcement), and/or deemed non-actionable. Non-actionable allegations result from insufficient or dated information, prior corrective action, immateriality or inappropriate use of the Hotline.

If referred to a City department, the Office of Internal Audit generally requests the department to investigate, take appropriate action and communicate the results to the Office of Internal Audit within 30 days.

Resolved allegations are categorized as: Substantiated (allegation was validated); Substantiated – No Violation (conditions cited were accurate but did not constitute a violation); Unsubstantiated; Department Resolution; or Inconclusive (available evidence is not sufficient to determine the validity of the allegation).

Table 2 summarized assignments and dispositions for allegations reported and/or resolved during fiscal year 2021.

TABLE 2	ASSIGNMENT		
	REFER	INVESTIGATE	TOTAL
Department Resolution	10	0	10
Non-Actionable	0	3	3
Unsubstantiated	0	3	3
Open/Ongoing Allegations	0	0	0
Substantiated	0	0	0
Substantiated – No Violation	0	0	0
Inconclusive	0	1	1
TOTAL	10	7	17

The City’s Fraud, Waste and Abuse Policy is intended to enhance employee awareness and reporting of suspected fraud, waste and abuse. Allegations resolved during fiscal year 2021 resulted in the following:

- Improved procedures and/or management controls;
- Employee safety improvements;
- Enhanced awareness of and/or compliance with existing regulations and/or policies; and
- Situation appropriate personnel-related actions.

LEADERSHIP AND OTHER ACCOMPLISHMENTS

The Office of Internal Audit distributed and reviewed the annual conflict of interest questionnaires provided to the Mayor, City Council, City management and a random sample of City employees as required by the City’s Code of Ethics, Section 2-95(j) Conflict of Interest Questionnaire. As a response to the COVID-19 Pandemic, Internal Audit personnel provided training regarding fraud, waste and abuse through a recorded video in lieu of in person presentation. The video was presented to approximately 226 new employees during new employee orientation (NEO). This training has moved from bi-weekly to a monthly basis.

On a quarterly basis a Management Implementation Status Report was prepared and distributed to the Audit Committee members to help Committee members fulfill their responsibilities of oversight. Additionally, the Audit Committee members were presented a summary presentation from the City’s external auditors regarding the annual financial report.

Due to the COVID-19 Pandemic, Internal Audit’s training and career development for fiscal year 2021 included webinars offered through the ALGA (Association of Local Government Auditors), the IIA (Institute of Internal Auditors), the ACFE (Association of Certified Fraud Examiners), and Cherry Bekaert LLP. This training included specific training for local government auditors, ethics, fraud, and Governmental Accounting Standards updates. Additionally, one employee earned the designation of Certified Internal Auditor, and another employee continued to study for the Certified Internal Auditor certification exams. Internal Audit personnel are members of ALGA, the AICPA (American Institute of Certified Public

Accountants), the NCACPA (North Carolina Association of Certified Public Accountants), the IIA and the ACFE.

SUMMARY

In summary, Internal Audit staff took on new endeavors and made a strong effort to complete as many audits and projects as possible during the past fiscal year. Internal Audit's success this past fiscal year was made possible as a result of the support of the City Manager's office, and the hard work of each of the department's personnel. Over the past year the strengths and skills of Internal Audit personnel developed in a way that contributed to the success of the Office. Internal Audit strived to ensure the scope of each audit engagement added value to the organization and good customer service was provided.



MEMORANDUM

November 18, 2021

TO: Audit Committee Members

FROM: Elizabeth Somerindyke, Internal Audit Director

RE: Quarterly Management Implementation Status Report

PURPOSE OF REPORT

The attached report provides members of the Audit Committee with an update on the progress of management's implementation of recommendations made by the Office of Internal Audit. Departmental management updates will be provided quarterly at each regularly scheduled Audit Committee Meeting.

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 2021-2022 (1st Quarter)

Audit Title	Date Released	Issued	Accepted	Implemented	Recommendations	
					Partially Implemented	Not Implemented
Police Department Confidential Funds A2016-01	January 2016	1	1	1	0	0
Contract Practices and Procedures A2016-06	October 2017	3	3	3	0	0
Police Department Confidential Funds A2018-03	February 2018	1	1	1	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
Wireless Communication Usage A2021-02	August 2021	7	7	0	0	7

* The implementation status was not provided.

Office of Internal Audit
Quarterly Management Implementation Status Report
Fiscal Year 2021-2022 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 28, 2021	Management Follow-up Response – August 5, 2021

A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation

1.1	<p>The Office of Internal Audit recommends management amend the written <i>Fayetteville-Cumberland Parks & Recreation Non-Resident Fee Policy</i> to provide clear guidance on how to accurately and consistently charge fees. This policy should be amended to include sufficient guidance to allow an individual who is unfamiliar with the operations to perform the necessary activities. Finally, subject matter experts should be included in updating and reviewing the policy to ensure only attainable and realistic requirements are included. Improvements to the policy based on Internal Audit's observations should include, but not be limited to:</p> <ol style="list-style-type: none"> a. Define the process for determining whether the resident or nonresident fee should be charged; b. Establish specific guidance on what areas, if any, of Fort Bragg should be charged the resident 	<p>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;">Implemented</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;">Implemented</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 2021-2022 (1st Quarter)

KEY	Not Implemented	Partially Implemented	Implemented	Past Implementation Date
	Recommendation	Management Response	Management Follow-up Response – October 28, 2021	Management Follow-up Response – August 5, 2021

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>Responsible Party: Adrienne Thomas, Business Manager</p> <p>Implementation Date: 07/01/2019</p>		
1.2	<p>Once the policy and procedures are updated, management should provide training to PRM personnel involved in charging and monitoring of the parks and recreation program fees.</p>	<p>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>Implemented</p> <p>This recommendation has been implemented. Implementation took place during Recreation District Meetings in the month of October 2019.</p>	<p>Implemented</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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		<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>Responsible Party: Adrienne Thomas, Business Manager</p> <p>Implementation Date: 07/01/2019</p>		
1.3	<p>Management should develop a quality review program for the fees and conduct an adequate number of appropriate quality reviews in a timely manner. The documented results should be maintained and utilized as measures of effectiveness during performance evaluations.</p>	<p>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>Implemented</p> <p>This recommendation has been implemented. Implementation took place during Recreation District Meetings in the month of October 2019.</p>	<p>Implemented</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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		<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>Responsible Party: Adrienne Thomas, Business Manager</p> <p>Implementation Date: 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>	Implemented	Implemented
			<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>

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		<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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		<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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		<p>Responsible Party: Adrienne Thomas, Business Manager</p> <p>Implementation Date: 07/01/2019</p>		
3	<p>The Office of Internal Audit recommends management amend the written <i>Fayetteville-Cumberland Parks & Recreation Non-Resident Fee Policy</i> to ensure clear guidance is provided on documentation for resident and nonresident fees. This policy should be amended to include 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>Responsible Party: Recreation Division Supervisor</p> <p>Implementation Date: 07/01/2019</p>	Implemented	Implemented

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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>Not Implemented</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>Not Implemented</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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		<p>enhance day-to-day support/user experience, identify and resolve issues and improve process efficiencies as online transactions grow.</p> <p>Responsible Party: Michael Gibson, PRM Director and Adrienne Thomas, Business Manager</p> <p>Implementation Date: 03/01/2019</p>		
4.2	<p>Management should review RecTrac user accesses to ensure users only have access for which there is a necessary business need. This should include but not be limited to determining if a necessary business need exists for the ability to change receipt and general ledger dates, drawers, and pay codes.</p>	<p>Access will be updated for Recreation Division Supervisors to restrict access and the ability to change receipt and general ledger dates, drawers, and pay codes. This access will be updated by February 1, 2019 and remain with the Business Manager and Management Analysts only until PRM management can outline and implement a transition plan as identified in Management's Response 4.1, to include collaborating with Finance management on the impact the process changes will have on the day-to-day operations.</p>	Implemented	Implemented

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		Responsible Party: Michael Gibson, PRM Director and Adrienne Thomas, Business Manager Implementation Date: 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>Responsible Party: Public Services Director</p> <p>Implementation Date: 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 style="color: red;">Partially Implemented</p> <p style="color: red;">The Solid Waste ordinance is 90% completed. To finish the ordinance, staff sought concurrence from the City Council on modifying the bulky and limb service levels to either scheduled or routed collections. The SW staff recommended option three out of the presented options:</p> <ol style="list-style-type: none"> 1. Scheduled collections (Limb only) 2. Every Six Weeks Collections (Limb only) 3. Every Other Week Collections 4. Weekly Collections 5. Peer City Options <p style="color: red;">Council consented to Option 3, every other week bulky and limb collections. Once staff has vetted the biweekly process, they will update the ordinance and present it to Council in the February or March work session of 2022.</p>	<p style="color: red;">Partially Implemented</p> <p style="color: red;">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"> • Memoranda for Tasks 2, 3, and 4 both in Word and PDF formats; • Updated Benchmarking Matrix that goes with Task 2 memorandum both in Word and PDF formats; • Original Solid Waste Ordinance 22 and its amendment that is referenced in Task 3 and 4 memoranda in PDF format; • Updated May 10, 2021 Briefing with many additional slides presenting SWD Challenges in PDF format;
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A2019-04 Residential Solid Waste Fees

			<p>Additional Next Steps:</p> <ul style="list-style-type: none"> • Review ordinance recommendations with CA Office, CMO office and adjust as needed to align with CoF needs and strategic goals and objectives. • Implement areas of the ordinance that are currently in the ordinance but not being implemented. • Adjust timeline to fit the goal of implementation of new ordinance for July 1, 2022 • Create a plan for educating residents <ul style="list-style-type: none"> • Meet with all the neighborhood watch groups • Reach out to churches and assemblies • Corporate Communications – social media, etc. • Flyers/Mailers • Create processes/tools for scheduling and 	<ul style="list-style-type: none"> • The clarity changes to the Solid Waste Ordinance presented in a “Marked” version and a “Clean” version with changes accepted both in Word format. <p>SW Next Steps:</p> <ul style="list-style-type: none"> • Review ordinance recommendations with CA Office, CMO office and adjust as needed to align with CoF needs and strategic goals and objectives. • Present to Council at the September 2021 or October 2021 work session. • Implement areas of the ordinance that are currently in the ordinance but not being implemented. • Adjust timeline to fit the goal of implementation of new ordinance for July 1, 2022
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			<p>implementation of notices, fines, and assessments.</p> <p>Full implementation of new revisions to begin July 1, 2022</p>	<ul style="list-style-type: none"> • Create a plan for educating residents <ul style="list-style-type: none"> ○ Meet with all the neighborhood watch groups ○ Reach out to churches and assemblies ○ Corporate Communications – social media, etc. ○ Flyers/Mailers • Create processes/tools for scheduling and implementation of notices, fines and assessments. <p>Full implementation of new revisions to begin July 1, 2022.</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 Ordinances should ensure	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>Partially Implemented</p> <p>See response for 1.1</p>	<p>Partially Implemented</p> <p>See response for 1.1</p>

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A2019-04 Residential Solid Waste Fees

	compliance with North Carolina General Statutes.	<p>Responsible Party: Public Services Director</p> <p>Implementation Date: 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>Responsible Party: Public Services Director</p> <p>Implementation Date: Public Services Solid Waste Division will</p>	<p>Implemented</p> <p>The initial upload for Fleetmind of residential household & yard waste customers is completed. The total number uploaded were 627 customers with both HH & YW services to total 1258 records uploaded. This was completed January 17, 2020.</p> <p>Staff is working on a comprehensive overhaul of the records which is now expected</p>	<p>Implemented</p> <p>The initial upload for Fleetmind of residential household & yard waste customers is completed. The total number uploaded were 627 customers with both HH & YW services to total 1258 records uploaded. This was completed January 17, 2020.</p> <p>Staff is working on a comprehensive overhaul of the records which is now expected</p>

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		update the customer address in FleetMind consistent with the current routes and existing level of service by March 31, 2020.	to be completed by the end of December 2021.	to be completed the end of April 2021.
2.2	Develop a process to add, activate and deactivate addresses in Fleetmind as needed to maintain current, accurate, valid data.	Management concurs with the need to develop a process to add, activate and deactivate 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>Partially Implemented</p> <p>Fleetmind upgrades are still not completed. 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. Fleetmind is still working on fixing the issues.</p> <p>Partially Implemented</p> <p>Upon completing "Recommendation 1," SW will vet the Fleetmind data to align with any ordinance revisions if needed.</p>	<p>Partially Implemented</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>Partially Implemented</p> <p>Upon completing "Recommendation 1," SW will vet the Fleetmind data to align with any ordinance revisions if needed.</p>

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		<p>Responsible Party: Public Services Director</p> <p>Implementation Date: 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>		
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 influence of the Solid Waste	Not Implemented	Not Implemented
			Solid Waste Management will begin writing policies and procedures to maintain data integrity for Fleetmind once the Solid Waste Ordinance is updated.	Solid Waste Management will begin writing policies and procedures to maintain data integrity for Fleetmind once the Solid Waste Ordinance is updated.

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		<p>Division as well as what can be accomplished within Council appropriated budgetary limits.</p> <p>Responsible Party: Public Services Director</p> <p>Implementation Date: 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: 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. Responsible Party: Jay Toland, Chief Financial Officer Implementation Date: 12/1/2020	IMPLEMENTED OD&T and Finance met 1.15.2021 and drafted a comprehensive timekeeping and payroll training.	IMPLEMENTED OD&T and Finance met 1.15.2021 and drafted a comprehensive timekeeping and payroll training.
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. Responsible Party: Jay Toland, Chief Financial Officer Implementation Date: 12/1/2020	The implementation status was not timely provided for reporting.	NOT IMPLEMENTED Training will be released through POWERDMS and/or in person/zoom (with a sign-in sheet) to create a system of record for training.
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.	IMPLEMENTED OD&T and Finance met 1.15.2021 and drafted a comprehensive training on	IMPLEMENTED OD&T and Finance met 1.15.2021 and drafted a comprehensive training on

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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.	Responsible Party: Jay Toland, Chief Financial Officer Implementation Date: 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.	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. Responsible Party: Jay Toland, Chief Financial Officer Implementation Date: 12/1/2020	Implemented Finance has earmarked appropriate funds.	Implemented Finance has earmarked appropriate funds.

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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>Implemented– 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>Implemented– 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>
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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>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 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>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 9/1/2020</p>	<p>Implemented – 3/1/2021</p> <p>Kronos submissions require individual approval and supervisor approval.</p>	<p>Implemented – 3/1/2021</p> <p>Kronos submissions require individual approval and supervisor approval.</p>
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>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 9/1/2020</p>	<p>Implemented – 3/1/2021</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>	<p>Implemented – 3/1/2021</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.	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. Responsible Party: Chief Gina V. Hawkins Implementation Date: 9/1/2020	Implemented – 3/1//2021 Kronos submissions must be entered by 10am on the Monday following the completion of the previous pay period.	Implemented – 3/1//2021 Kronos submissions must be entered by 10am on the Monday following the completion of the previous pay period.

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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>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 9/1/2020</p>	<p>Implemented – 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>Implemented – 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>
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>Implemented – 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>Implemented – 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>

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	<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>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 9/1/2020</p>	<p>other than leveling the timecard. Once Kronos is fully implemented entry into JDE will be automated.</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>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 10/1/2020</p>	<p>Implemented – 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>Implemented – 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>
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>Responsible Party: Chief Gina V. Hawkins</p>	<p>The implementation status was not timely provided for reporting.</p>	<p>Not Implemented</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>

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		Implementation Date: 10/1/2020		Still working with others and in consultation to ensure correct verbiage is in place. Revised Implementation Date: 09/30/2021
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.	The implementation status was not timely provided for reporting.	Not Implemented 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. Revised Implementation Date: 09/30/2021

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		<p>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 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.	The implementation status was not timely provided for reporting.	<p>Not Implemented</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>Revised Implementation Date:09/30/2021</p>

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		<p>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 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>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 12/1/2020</p>	Implemented 03/01/2021	Implemented 03/01/2021
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>	Implemented 03/01/2021	Implemented 03/01/2021

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		<p>possible alternate employee. This training should include a documented manual for the training for the employee to reference.</p> <p>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 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>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 9/1/2020</p>	<p>Implemented 03/01/2021</p> <p>Since transitioning to FayPay, this recommendation has been resolved.</p>	<p>Implemented 03/01/2021</p> <p>Since transitioning to FayPay, this recommendation has been resolved.</p>

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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>Responsible Party: Chief Gina V. Hawkins</p> <p>Implementation Date: 6/1/2020</p>	Implemented	Implemented
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A2021-02 Wireless Communication Usage Audit

1.1	<p>Establish written guidelines that outline user department requirements for oversight and accountability. These guideline should include but not limited to:</p> <ul style="list-style-type: none"> • 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 	<p>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.</p> <p>Responsible Party: Chief Information Officer</p> <p>Implementation Date: 12/31/2022</p>	<p>Not Implemented</p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p>	<p>Not Applicable – Audit report presented at August 5, 2021 Audit Committee meeting.</p>
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A2021-02 Wireless Communication Usage Audit

	<ul style="list-style-type: none"> Utilizing Verizon Wireless hotspots in lieu of activating cellular service on multiple devices. 			
1.2	Assign devices to the appropriate contracted service plan prior to deploying the device to the assigned individual or department.	<p>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.</p> <p>Responsible Party: Chief Information Officer</p> <p>Implementation Date: 12/31/2022</p>	<p>Not Implemented</p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p>	Not Applicable – Audit report presented at August 5, 2021 Audit Committee meeting.
2.1	Complete and document a full inventory of all active devices to ensure existence.	Centralized inventory tracking of wireless/mobile devices will be tracked via Verizon’s database. One dedicated FTE to manage the entire	<p>Not Implemented</p> <p>Implementation is contingent upon the approval of an FTE</p>	Not Applicable – Audit report presented at August 5, 2021 Audit Committee meeting.

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A2021-02 Wireless Communication Usage Audit

		<p>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.</p> <p>Responsible Party: Chief Information Officer</p> <p>Implementation Date: 12/31/2022</p>	<p>position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p>	
2.2	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.	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	<p>Not Implemented</p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the</p>	Not Applicable – Audit report presented at August 5, 2021 Audit Committee meeting.

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A2021-02 Wireless Communication Usage Audit

		<p>approval of hiring one FTE as well as support/collaboration from departments.</p> <p>Responsible Party: Chief Information Officer</p> <p>Implementation Date: 12/31/2022</p>	fiscal year 2022-2023 budget process.	
2.3	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.	<p>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.</p> <p>Responsible Party: Chief Information Officer</p> <p>Implementation Date: 12/31/2022</p>	<p>Not Implemented</p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p>	Not Applicable – Audit report presented at August 5, 2021 Audit Committee meeting.

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2.4	Follow established City standards for properly documenting the surplus and removal of all devices past their usable life cycle.	<p>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.</p> <p>Responsible Party: Chief Information Officer</p> <p>Implementation Date: 12/31/2022</p>	<p>Not Implemented</p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p>	Not Applicable – Audit report presented at August 5, 2021 Audit Committee meeting.
2.5	Establish written guidelines requiring a periodic departmental inventory for device existence.	<p>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</p>	<p>Not Implemented</p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p>	Not Applicable – Audit report presented at August 5, 2021 Audit Committee meeting.

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		<p>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.</p> <p>Responsible Party: Chief Information Officer</p> <p>Implementation Date: 12/31/2022</p>	<p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p>	
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