

**FAYETTEVILLE AUDIT COMMITTEE MEETING MINUTES**  
**LAFAYETTE CONFERENCE ROOM**  
**CITY HALL, 433 HAY STREET**  
**THURSDAY, AUGUST 31, 2023**  
**3:00 P.M.**

**Committee Members Present:** Ron O'Brien, Chair, Dr. Mfon Akpan, Vice Chair (via Zoom); Johnny Dawkins, Mayor Pro Tem (via Zoom); D.J. Haire, Council Member (via Zoom); Derrick Thompson, Council Member (via Zoom)

**Staff Present:** Douglas J. Hewett, City Manager (via Zoom)  
Karen McDonald, City Manager (via Zoom)  
Jodi Phelps, Chief of Staff  
Jeffery Yates, Assistant City Manager  
Jodi Picarella, Chief Financial Officer  
Rose Rasmussen, Internal Audit Director  
Michael Gibson, Parks, Recreation, & Maintenance Director (via Zoom)  
Lachelle Pullium, Assistant City Attorney (via Zoom)  
Kimberly Toon, Assistant Chief Financial Officer  
Chief Ronnie Willett, Assistant Fire Chief (Departed at 3:11 p.m.)  
Kellie Berg, Assistant Police Chief  
Daniel Edwards, Public Services Assistant Director (via Zoom)  
Jessica Legette, Parks, Recreation, & Maintenance Assistant Director (via Zoom)  
Todd Joyce, Police Major (via Zoom)  
Christina Zimmerman, Senior Internal Auditor  
Kathleen Johnson, Budget & Evaluation Analyst (via Zoom)  
Jennifer Ayre, Deputy City Clerk

**1. CALL TO ORDER**

Mr. Ron O'Brien called the meeting to order at 3:00 p.m.

**2. APPROVAL OF THE AGENDA**

**MOTION:** Council Member Thompson moved to approve the agenda

**SECOND:** Dr. Mfon Akpan

**VOTE: UNANIMOUS (5-0)**

### **3. APPROVAL OF MEETING MINUTES**

**August 7, 2023**

**MOTION: Council Member Thompson moved to approve the August 7, 2023 meeting minutes.**

**SECOND: Mayor Pro Tem Dawkins**

**VOTE: UNANIMOUS (5-0)**

### **4. MANAGEMENT REPORTS**

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

Ms. Rose Rasmussen, Internal Audit Director provided an update on the management implementation status for A2019-04 Residential Solid Waste Fees; A2020-04 Vector Fleet Contract Audit; A2022-01 Fire Kronos Implementation Audit; A2022-04 Subrecipient Grant Monitoring Audit and A2022-03 Procurement Card.

A2019-04 Residential Solid Waste Fees is currently partially implemented. A request for proposal will be completed for a new Fleet Onboarding Management System. Once the system is in place the policies and addresses will be updated in the system.

A2022-04 Vector Fleet Contract currently has one recommendation not implemented. The recommendation is to establish a fleet committee to hold regular meetings. Currently, fleet meetings are regularly held with separate departments, but not as an official committee.

A2022-01 Fires Kronos Implementation is currently only partially implemented. The recommendation is to update policies in relation to timekeeping and payroll. The Fire Department is waiting on the integration the scheduling software into the city's time keeping software. Once the integration is complete policies will be updated. Discussion ensued.

A2022-4 Subrecipient Grant Monitoring and A2022-03 Procurement Card have had all recommendations have been implemented as of July 1, 2023. Internal Audit will follow-up to confirm implementation and efficiency.

### **5. INTERNAL AUDIT ACTIVITIES**

## **A. PRM Nonresident Fees Implementation Follow-up Audit**

Ms. Rasmussen stated the original Parks & Recreation Nonresident Fee Implementation Audit was completed in January 2019 and included seven (7) agreed upon recommendations. All recommendations were reported as implanted as of January 2022, however the follow-up audit identified that three (3) have been fully implemented, two (2) partially implemented, and two (2) not implemented.

### Implemented Recommendations:

- Amending the nonresident fee policy
- Updating the existing fee schedule for additional transparency
- Updating the policy to address documentation needed to validate fee have been fully implemented.

### Partially Implemented:

- Quality Review Processes
  - The department has a process in place for athletic fees for quality review, audit recommends putting in a process for all fees.
- Training to Parks & Recreation Personnel on when to charge Resident or Nonresident fees
  - Some training has been provided, however, the policy was just recently updated as of August 1,2023. Internal Audit recommends ensuring all employees are trained according to the new policy.

### Not Implemented:

- Strengthening of Internal Controls for RecTrac Administration and Access
  - Internal Audit's two recommendations were to move RecTrac administration to the IT Department and limit administrative access of employees in RecTrac. Management stated there is higher access requirement necessary for employees to perform job duties and will create a negative impact to daily operations.
  - Management and Internal Audit jointly decided to continue to allow Parks & Recreation employees to have administrative access an additional control would need to be implemented to mitigate any possible risk. A process will be created where someone within parks & recreation will review an audit log monthly for any changes that are made in the system. The review must be completed by a staff member that does not have administrative access rights within the system.

**MOTION: Council Member Thompson moved to accept the Parks, Recreation, & Management Nonresidential Fees Implementation Follow-up Audit**

**SECOND: Council Member Haire**  
**VOTE: UNANIMOUS (5-0)**

### **B. Police Confidential Funds Audit**

Ms. Rasmussen stated the Police Confidential Funds Audit is an annual audit. This fund is administered by the Vice Investigations Division and has an annual budget of \$100,000.00. The scope of the audit was June 1 2022- May 31, 2023. Out of twenty (20) employees that use the funds, six (6) employees were reviewed and included 61 transactions sampled totaling \$25,295.00.

Based on work performed by the Internal Audit Department, it was concluded the confidential funds were administered in accordance with established procedures, internal controls were in place, and no significant exceptions were noted. Discussion ensued. Mr. O'Brien recommended tracking how many of the transactions led to arrests and/or convictions.

**MOTION: Council Member Thompson moved to accept the Police Confidential Funds Audit**  
**SECOND: Dr. Mfon Akpan**  
**VOTE: UNANIMOUS (5-0)**

### **C. FY2024 Audit Plan**

Ms. Rasmussen stated the fiscal year 2024 Audit Plan includes two carry forward audits, three new audits, three follow-up audits, two required annual reviews, and three consulting services.

The Carry Forward Audits include, A2022-02 Kronos Implementation for Police and A2020-02F Accounts Payable Timeliness for a total of 100 required hours.

The New Audits are A2024-01 Police Department Confidential Funds, A2024-02 Transit Grants, and A2024-03 Fleet Management for a total of 1040 required hours.

Internal Audit will complete Follow-up Audits on A2020-01F Police Payroll, A2022-03F Procurement Card, and A2022-04F Sub Recipient Grant Monitoring for a total of 380 required hours.

The Annual Reviews will include R2024-01 Proxy Card and R2024-02 Conflict of Interest for a total of 500 hours.

Internal Audit will provide Consulting Services on C2024-01 HUB HCM Oracle Access Controls Review, C2024-02 HUB HCM Payroll Implementation, and C2024-03 Transit Cash Handling for a total of 1016 required hours.

The vacancy in the department that will affect the number of hours implemented for each audit, will be filled with an internal candidate effective September 25, 2023. Mr. O'Brien asked if being fully staffed will be sufficient or are more positions necessary? Ms. Rasmussen stated that more people could always be helpful. Discussion ensued. The second item affecting the hours. Discussion ensued.

**MOTION: Council Member Dawkins moved to approve the Fiscal Year 2024 Audit Plan**

**SECOND: Council Member Haire**

**VOTE: UNANIMOUS (5-0)**

## **6. ADJOURNMENT**

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