



**City of Fayetteville, NC  
Audit Committee Meeting**

**May 15, 2024 @3:00 pm**

**1<sup>st</sup> Floor – Lafayette Room**

**433 Hay Street, Fayetteville, NC 28301**



**Audit Committee Meeting**  
**May 15, 2024 @ 3:00 pm**

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**AGENDA**

1. Call to Order
2. Approval of Agenda
3. Approval of Meeting Minutes
4. Management Reports (*Summary presented by Internal Audit staff*)
  - a. Quarterly Management Implementation Status Report
5. Internal Audit Activities (*Presented by Internal Audit staff*)
  - a) Changes to the FY2024 Annual Audit Plan
  - b) Code Violation Enforcement and Collections Follow-up Audit (A2019-06F)
  - c) Vector Fleet Contract Follow-up Audit (A2020-04F)
  - d) Wireless Communication Usage Follow-up Audit (A2021-02F)

Attachments:

- a) Draft Meeting Minutes – January 25, 2024
- b) Quarterly Management Implementation Status Report 3<sup>rd</sup> Quarter FYE24
- c) Changes to FY2024 Annual Audit Plan
- d) Code Violation Enforcement and Collections Follow-up Audit (A2019-06F)
- e) Vector Fleet Contract Follow-up Audit (A2020-04F)
- f) Wireless Communication Usage Follow-up Audit (A2021-02F)

**FAYETTEVILLE AUDIT COMMITTEE MEETING MINUTES  
LAFAYETTE CONFERENCE ROOM  
CITY HALL, 433 HAY STREET  
THURSDAY, JANUARY 25, 2024  
3:00 P.M.**

**Committee Members Present:** Ron O'Brien, Chair  
D.J. Haire, Council Member (joined via Zoom)  
Derrick Thompson, Council Member  
Deno Hondros, Council Member

**Committee Members Absent:** Dr. Mfon Akpan, Vice Chair

**Staff Present:** Lachelle Pulliam, Interim City Attorney  
Jeffery Yates, Assistant City Manager  
Rose Rasmussen, Internal Audit Director  
Christina Zimmerman, Senior Internal Auditor  
Cyndl Fussell, Office Supervisor  
Albert Baker, Community Relations Manager  
Ronnie Willett, Fire Deputy Chief  
Kemberle Braden, Chief of Police  
Todd Joyce, Police Major  
Lee Hicks, Police Major, Chief of Staff  
Detra Brown, Customer Service Representative  
Paula Handberry, Executive Assistant to the City Council

**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:** Council Member Haire  
**VOTE:** UNANIMOUS (4-0)

**3. APPROVAL OF MEETING MINUTES  
October 26, 2023**

**MOTION:** Council Member Thompson moved to approve the October 26, 2023 meeting minutes.  
**SECOND:** Council Member Hondros  
**VOTE:** UNANIMOUS (4-0)

**4. DISCUSSION OF COMMITTEE OFFICER APPOINTMENTS**

The Audit Committee Bylaws require that the officers be elected and serve a two-year term. Additionally, this will be the final meeting for current Chair, Mr. Ron O'Brien. The Committee will need to elect a new Chair.

## **Officer Appointments**

### **Article III**

#### **OFFICERS**

**Section 1. Enumeration of Offices.** The Officers of the Committee shall be a Chairperson and Vice-Chairperson.

**Section 2. Election of Officers and Term of Office.** The officers shall each be elected at the regularly scheduled meeting held in January, take office immediately upon election, and serve a two-year term.

Discussion ensued. Council Member Haire joined the meeting virtually. Mr. Ron O'Brien will conduct the rest of the meeting.

**MOTION: Council Member Thompson moved to appoint Council Member Haire as Chair of the Audit Committee**

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

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

#### **5. MANAGEMENT REPORTS**

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

Of the eight completed audits on the Corrective Action Plan (CAP), six are ready for a follow up by Internal Audit. Management has expressed that all recommendations have been fully implemented or will not be implemented.

Vector Fleet Contract Audit showed at the last meeting as having 1 outstanding recommendation. Management has determined that they will not be implementing the last outstanding recommendation for that audit which was to establish a Fleet Committee. Management has made the decision to have the Fleet Manager work directly with the departments to strategically manage the City's fleet. Therefore, this audit is ready for follow-up.

Currently, two of the completed audits have outstanding recommendations.

Residential Solid Waste Fees currently has two recommendations. A request for proposal will be completed for a new Fleet Onboarding Management System. Once the software is in place, the address data and applicable policies will be updated to reflect the new process.

Fires Kronos Implementation has currently two recommendations. The recommendation is to update policies in relation to timekeeping and payroll. The Fire Department is waiting on the integration of scheduling software into the City's time keeping software. Once the integration is complete policies will be updated.

This report is for informational purposes and no action needed.

## 6. INTERNAL AUDIT ACTIVITIES

### A. Police Payroll Follow-up Audit

Ms. Rose Rasmussen, Internal audit Director stated the original audit was presented in August 2020 with 18 agreed upon recommendations. As of October 27, 2022, the department reported all recommendations as fully implemented. The scope of this audit was limited to the 18 recommendations in the original audit. This included the review of the updated procurement policy and associated training materials.

Fifteen of the original recommendations were determined to be either implemented or no longer applicable. The original audit was completed prior to the implementation of the Kronos electronic timekeeping system. Many of the original recommendations were a result of the paper timekeeping process that was being used at the time. Kronos eliminated the need for paper timekeeping and payroll processing rendering many of the original recommendations no longer applicable.

Two of the original recommendations were determined to be partially implemented. The Personnel Technician's supervisor provides backup for the payroll related tasks within the Police Department. However, neither have been thoroughly trained on updated procedures. All leave requests should be submitted electronically in Kronos. However, departmental procedures have not been updated to provide guidance on the leave reporting process or the consequences for not reporting leave taken.

Mr. Ron O'Brien asked how many people are in the Police Payroll Department. Ms. Rasmussen responded one Personnel Technician. Discussion ensued.

Internal Audit continues to recommend policies and procedures are updated to reflect current processes, are Fair Labor Standards Act (FLSA) compliant, and define consequences for non-compliance with formal leave request processes. All staff involved in the payroll process should be trained in all aspects of payroll policies and operating procedures. The Police Department Personnel Technician should report to a position with expertise in business processes and internal controls. Provide the Payroll Manager with the funding and opportunity to obtain a payroll certification. Discussion ensued.

**MOTION: Mr. Ron O'Brien moved to accept the Police Payroll Follow-up Audit**  
**SECOND: Council Member Thompson**  
**VOTE: UNANIMOUS (4-0)**

### B. Kronos Implementation – Police Audit

Prior to implementation of an electronic time keeping system, the Police Department used a very manual paper timekeeping process. In 2020, Kronos Workforce Central was implemented for the Police Department and their timekeeping processes became electronic requiring less manual manipulation. In February 2023, all City Departments upgraded their Kronos version from Workforce Central to Workforce Dimensions.

The objective of this audit was to determine if payroll processes and associated internal controls were adequate to ensure Police Department personnel were paid accurately. The scope of the audit included Police Department payroll from January through July 2023 for 55 active staff members for six regular pay periods and three Fair Labor Standards Act (FLSA) processing periods. Discussion ensued.

City policy requires employees to use accrued discretionary time off in a specific order: holiday first, compensatory time second and then vacation. This is known as the cascade order. The audit

determined supervisors were not always using the ‘Time Off’ pay code when entering or updating time off on behalf of employees. Not using the designated ‘Time Off’ pay code allowed the cascade order to be circumvented. Discussion ensued.

Internal Audit recommends that management establish written operating procedures to include procedures for the Personnel Technician position to include specific direction on the processing of payroll within the Kronos system. The procedures should contain detailed instructions to enable an alternate employee to perform payroll processes. The proper way for supervisors to enter and update leave in the Kronos system on behalf of the employees to allow the system to apply the correct cascade order. Management agreed with the recommendations. Discussion ensued.

**MOTION: Council Member Thompson moved to accept the Kronos Implementation – Police Audit**

**SECOND: Council Member Haire**

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

### **C. Subrecipient Grant Monitoring Follow-up Audit**

Ms. Rasmussen stated the original audit was presented in October 2022 with eight agreed upon recommendations. As of August 31, 2023, the department reported all recommendations as fully implemented. The scope of this audit was to determine if the eight recommendations in the original audit had been implemented. Internal Audit determined the department had implemented all original recommendations.

The Economic and Community Development Department worked diligently towards the implementation of all accepted recommendations. The Department developed the City Policies and Procedures Manual for the Community Development Block Grant, (CDBG), HOME, and Housing Opportunities for Persons with Aids (HOPWA) Programs for monitoring subrecipients to address many of the recommendations. Additionally, the department ensured staff completed relevant training, including training offered through the HUD exchange.

Internal Audit thanked the ECD Department staff for their commitment to completing the implementation of recommendations and the feedback provided through numerous meetings and email communications during this follow-up audit.

**MOTION: Council Member Hondros moved to accept the Subrecipient Grant Monitoring Follow-up Audit**

**SECOND: Council Member Thompson**

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

## **7. ADJOURNMENT**

There being no further business the meeting adjourned at 4:13 p.m.



May 15, 2024

Members of the Audit Committee,

Enclosed is the updated Quarterly Management Implementation Status 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 report recommendations NOT 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.

A summary of the report will be presented. We welcome discussion on the management updates.

Respectfully,  
Rose Rasmussen, CIA  
Internal Audit Director

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2023-2024 (3rd Quarter)**

Recommendations							
Audit Title	Date Released	Issued	Accepted	Not Started	In Progress	Implemented	Overdue
Contract Practices and Procedures A2016-06	October 2017	3	3	0	0	3	0
Performance Measures A2018-04	January 2019	4	4	0	0	4	0
Residential Solid Waste Fees A2019-04	October 2019	5	5	0	0	3	2
Accounts Payable Timeliness A2020-02	January 2021	5	5	0	0	5	0
Fire Kronos Implementation A2022-01	January 2022	4	4	0	0	2	2
Kronos Implementation - Police A2022-02	January 2024	2	2	0	2	0	0

\*This Report does not include the Permitting and Inspections Follow-up Audit.



**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2023-2024 (3<sup>rd</sup> Quarter)**

## A2019-04 Residential Solid Waste Fees

Not Started	In Progress	Implemented	Overdue	Total
<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>

<b>RECOMMENDATION 2.2</b>	Develop a process to add, activate and deactivate addresses in Fleetmind as needed to maintain current, accurate, valid data.
<b>MANAGEMENT RESPONSE</b>	<p>Management concurs with the need to develop a process to add, activate and deactivate addresses in Fleetmind to maintain a current, accurate, and valid database. 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> <p><b>Responsible Party:</b> Public Services Director  <b>Implementation Date:</b> June 30, 2022</p>
<b>STATUS AS OF JANUARY 25, 2024</b>	<p><b>Overdue:</b> Although some Fleetmind upgrades are complete, the Fleetmind system is not consistent. SW will complete an RFP for the Fleet-onboarding system before the end of FY24.</p> <p>Routesmart street data is outdated and will be updated in FY24.</p> <p>Upon completing "Recommendation 1" and updating Routesmart and Fleetmind, SW will vet the onboarding data to align with any necessary ordinance revisions.</p>
<b>STATUS AS OF APRIL 25, 2024</b>	<p><b>Overdue:</b> Although some Fleetmind upgrades are complete, the Fleetmind system is not consistent. SW will complete an RFP for the Fleet-onboarding system before the end of FY24.</p> <p>Routesmart street data is outdated and will be updated in FY24.</p> <p>Upon completing "Recommendation 1" and updating Routesmart and Fleetmind, SW will vet the onboarding data to align with any necessary ordinance revisions.</p>

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2023-2024 (3<sup>rd</sup> Quarter)**

<b>RECOMMENDATION 2.3</b>	Develop comprehensive written policies and procedures to maintain Fleetmind data integrity, once the processes are established.
<b>MANAGEMENT RESPONSE</b>	<p>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 Division as well as what can be accomplished within Council appropriated budgetary limits.</p> <p><b>Responsible Party:</b> Public Services Director  <b>Implementation Date:</b> June 30, 2022</p>
<b>STATUS AS OF JANUARY 25, 2024</b>	<b>Overdue:</b> The SW team will commence writing policies and procedures to uphold data integrity <b>(the overall accuracy, completeness, and consistency of data)</b> for Fleetmind and Routesmart following the Council's approval of the SW Ordinance and updating Routesmart street data. In FY24, the staff will also upgrade the onboarding system to replace Fleetmind. The new ordinance took effect on July 1, 2023.
<b>STATUS AS OF APRIL 25, 2024</b>	<b>Overdue:</b> The SW team will commence writing policies and procedures to uphold data integrity <b>(the overall accuracy, completeness, and consistency of data)</b> for Fleetmind and Routesmart following the Council's approval of the SW Ordinance and updating Routesmart street data. In FY24, the staff will also upgrade the onboarding system to replace Fleetmind. The new ordinance took effect on July 1, 2023.

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2023-2024 (3<sup>rd</sup> Quarter)**

## A2022-03 Kronos Implementation – Fire

Not Started	In Progress	Implemented	Overdue	Total
0	0	0	2	2

<b>RECOMMENDATION 1.1</b>	Work with the Human Resource Development Department and the City Attorney’s Office and establish written payroll policies.
<b>MANAGEMENT RESPONSE</b>	Now that the transition is nearly complete, the department can codify its practices, aligned with the functionality of the new systems. The department has been made aware of a pending upgrade to the Kronos and Telestaff software platforms that necessitates a delay of implementing any new policies until system changes are known. In the interim, the department has requested a review of its payroll practices by a third-party consultant. The department plans to have its new processes defined by policy no later than June 30, 2022. <b>Responsible Party:</b> Deputy Chief of Human Resources <b>Implementation Date:</b> June 30, 2022
<b>STATUS AS OF JANUARY 25, 2024</b>	<b>Overdue:</b> A written draft of the process under the current system has been completed. The department is still relegated to waiting upon the system upgrades and system error corrections to be completed before codifying into policy.  The department is working directly with UKG for technical issues related to Kronos/Faypay integration issues.  Payroll issues are persistent. Overtime Codes, Fire-leveling and Time off request errors continue to exist in the Kronos system.  Integration of department’s staffing program, time keeping program and payroll system was initiated in March 2023 but many errors have been presented without an identified resolution. These issues have to be resolved before written guidance can be finalized and codified. It is still a work in progress.
<b>STATUS AS OF APRIL 25, 2024</b>	<b>Overdue:</b> The Policy draft is complete and awaiting Fire Chief approval.  The department is working directly with UKG for technical issues related to Kronos/Faypay integration issues.  Payroll issues are persistent. Overtime Codes, Fire-leveling and Time off request errors continue to exist in the Kronos system.

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2023-2024 (3<sup>rd</sup> Quarter)**

<b>RECOMMENDATION 1.2</b>	Update and maintain documented payroll procedures to align with current payroll processes. The procedures should be sufficient for alternate employees to process departmental payroll.
<b>MANAGEMENT RESPONSE</b>	Now that the transition is nearly complete, the department can codify its practices, aligned with the functionality of the new systems. The department has been made aware of a pending upgrade to the Kronos and Telestaff software platforms that necessitates delay of implementing any new policies until system changes are known. In the interim, the department has requested review of its payroll practices by a third party consultant. The department plans to have its new processes defined by policy no later than June 30, 2022. <b>Responsible Party:</b> Deputy Chief of Human Resources <b>Implementation Date:</b> June 30, 2022
<b>STATUS AS OF JANUARY 25, 2024</b>	<b>Overdue:</b> A written draft of the process under the current system has been completed. The department is still relegated to waiting upon the system errors to be corrected before codifying into policy.  Guidance included in the original draft document, required to effectuate bi-weekly payroll, will likely need significant revision, once the technical errors have been addressed.  Integration of department’s staffing program, time keeping program and payroll system was initiated in March 2023 but many errors have been presented without an identified resolution. These issues have to be resolved before written guidance can be finalized and codified. It is still a work in progress.
<b>STATUS AS OF APRIL 25, 2024</b>	<b>Overdue:</b> The policy draft is complete and awaiting Fire Chief approval.

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2023-2024 (3<sup>rd</sup> Quarter)**

## A2022-02 Kronos Implementation – Police

Not Started	In Progress	Implemented	Overdue	Total
<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>2</b>

<b>RECOMMENDATION 1.1</b>	Establish written operating procedures for the Personnel Technician position to include specific direction on the processing of payroll within the Kronos System. The procedures should contain detailed instructions to enable an alternate employee to perform payroll processes.
<b>MANAGEMENT RESPONSE</b>	We concur. Management is in full agreement with the recommendation. The recommendation would create a uniform way in which we enter time off that complies with city policy. <b>Responsible Party:</b> Major Lee Hicks, Chief of Staff <b>Implementation Date:</b> July 1, 2024
<b>STATUS AS OF JANUARY 25, 2024</b>	<b>Not Applicable</b> - Audit report presented at January 25, 2024 Audit Committee Meeting.
<b>STATUS AS OF APRIL 25, 2024</b>	<b>In Progress:</b> We have a succession book that has been worked on for two months now. It will cover procedures of the Personnel Technician. It will contain key instructions that will allow for anyone that accesses it the ability to carry out the payroll process. Once complete the instructions will be stored on PDShares.  We are also working on revising Operating Procedure 10.02 PERSONNEL AND PAYROLL. Once complete it will be staffed for input from the Command Staff and then updated.  <i>On schedule to be complete and in place by July 1, 2024 deadline.</i>
<b>RECOMMENDATION 1.2</b>	Establish written operating procedures detailing the proper way for supervisors to enter and update leave in the Kronos system on behalf of the employees to allow the system to apply the correct cascade order.
<b>MANAGEMENT RESPONSE</b>	We concur. Management is in full agreement with the recommendation. The recommendation would create a uniform way in which we enter time off that complies with city policy. <b>Responsible Party:</b> Major Lee Hicks, Chief of Staff <b>Implementation Date:</b> July 1, 2024
<b>STATUS AS OF JANUARY 25, 2024</b>	<b>Not Applicable</b> – Audit report presented at January 25, 2024 Audit Committee Meeting.

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2023-2024 (3<sup>rd</sup> Quarter)**

**STATUS AS OF April 25,  
2024**

**In Progress:** We are in the process of developing a power point that will instruct supervisors of the proper way to navigate time off within FayPay. Once complete this power point will be stored on PDShares.

*On schedule to be complete and in place by July 1, 2024 deadline.*



May 15, 2024

Members of the Audit Committee

The FY2024 Annual Audit Plan included two audits which will not be completed this fiscal year. As a result, Internal Audit Management has amended the approved FY2024 Annual Audit Plan. The Audit Committee Charter requires management notify the Audit Committee of any significant changes to the approved audit plan and provide reasoning for the changes.

Changes to the plan were made due to circumstances beyond the control of Internal Audit staff. Audit work relies heavily on the cooperation and assistance of department staff. As the City continues to experience staffing turnover/shortages, there has been a lack of available resources within the departments to dedicate to assisting Internal Audit with projects. While Internal Audit works with departments by allowing additional time to provide documentation and information, these two audits had turnover in key positions within the departments which would directly impact the completion of the audits.

In order to maintain approximately the same number of estimated audit hours and keep the department moving forward, several smaller follow-up projects have been substituted into the annual plan. A summary of the changes is attached.

I welcome discussion regarding changes to the annual audit plan.

Respectfully,  
Rose Rasmussen, CIA  
Internal Audit Director





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***Code Violation Enforcement and Collections  
FOLLOW-UP  
(A2019-06F)***

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May 2024





**OUR MISSION**

Provide independent, objective assurance and consulting services designed to add value and improve the City of Fayetteville’s operations.

**Internal Audit Director**

Rose Rasmussen, CIA

**Senior Internal Auditor**

Christina Zimmerman, CFE

**Internal Auditor**

Vacant

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# ORIGINAL REPORT HIGHLIGHTS

## Code Violation Enforcement and Collections (A2019-06)

Original Report Issued:  
August 2019

**Objectives:** To evaluate whether:

- Applicable penalties and abatement costs were properly and completely imposed following established City adopted fee schedules and ordinances; and
- The internal controls were sufficient to identify risks.

**Scope:** Code Enforcement substandard housing, vehicle and solid waste cases initiated from January 1, 2018 through May 15, 2019.

Due to the nature of the enforcement and inspection and no clear written guidance, Internal Audit did not sample cases to determine if approvals and necessary documents were being obtained; penalties were charged correctly; or verify the timeliness of intake, contact, investigation and follow-up.

### Background

- Department provides abatement of a wide variety of housing and nuisance code violations.
- The program objective is to protect and improve the quality of life and environment through efficient and effective violation abatement in support of high quality, affordable housing and revitalized neighborhoods.

### Highlights:

- Steps within the code violation enforcement and collection processes were based on the discretion of Department personnel.
- Current processes were inconsistent with the City's Code of Ordinances.
- Conflicting language existed between the City Code of Ordinances and the City's adopted fee schedule.
- Abatement costs waived/reduced with no policies and procedures identifying authority.
- Civil penalties were insufficiently tracked to include collection agency reporting.
- Departmental policies and procedures for substandard housing, vehicle and solid waste violations addressed parts of the code violations enforcement and collections processes but did not provide enough guidance to ensure code violations were enforced in a consistent manner for all like cases.

### WHY THIS MATTERS

- When code enforcement cases are not enforced consistently, practices can be perceived as unfair by the public and the risk of preferential treatment without detection exists.
- Abatement liens and collection agency records may be erroneously recorded, and liens may not be released when paid in full.



# Action Since Original Audit Report

## Code Violation Enforcement and Collections Follow-Up (A2019-06F)

The Office of Internal Audit has completed follow-up on the Code Violation Enforcement and Collections Audit approved by the Audit Committee on August 8, 2019.

### Objective and Scope

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

The scope of the follow-up audit was limited to the findings and accepted recommendations in the original audit of code violation enforcement and collections. This included a review of departmental policies and procedures and training documentation.

### Background

The original audit report, dated August 2019, had seven agreed upon recommendations. The audit provided management with recommendations to:

- Develop policies and procedures;
- Train staff on the policies and procedures; and
- Develop a quality review program.

### Summary Results

**7** recommendations proposed in August of 2019

Testing included an evaluation of the agreed upon recommendations to determine if corrective actions were implemented as reported. The Department implemented 7 recommendations by establishing policies and procedures, providing staff training, communicating with the City Attorney’s Office and updating ordinances.

Although the Development Services and Finance departments coordinated on processes that crossed departmental boundaries, the departments should come to an agreement on any unresolved process designations. In addition, the Department with the guidance of the City Attorney and City Manager’s Offices should determine if the ordinance needs updated to ensure the current practices are compliant. This should take into consideration whether fees and penalties can be reduced or waived and who has the authority to make changes to the assessed fees and penalties.

The Office of Internal Audit has concluded the Code Violation and Collections Follow-up Audit and expresses appreciation for the assistance provided by Department staff.



FULLY IMPLEMENTED

7



PARTIALLY IMPLEMENTED

0



NOT IMPLEMENTED

0

**Finding 1 – Current written policies and procedures were not all inclusive causing inconsistent enforcement of City code violations.**

<b>Recommendation 1.1</b>	Develop comprehensive policies and procedures that provide consistent code enforcement, to include but not limited to: (a) number of re-inspections and extensions allowed; (b) number of days allowed to correct specific code enforcement violations; (c) expectations of timely re-inspections; (d) when exceptions are applicable to the standard enforcement process; and (e) approval and documentation process for exceptions.
<b>SUMMARY OF ORIGINAL FINDING</b>	
<b>CURRENT OBSERVATION</b>	Policies and procedures were created and updated to reflect the current department practices and address the audit recommendation.
<b>DETERMINED STATUS</b>	<b>IMPLEMENTED</b>
<b>Recommendation 1.2</b>	Ensure personnel are trained on comprehensive policies and procedures.
<b>SUMMARY OF ORIGINAL FINDING</b>	
<b>CURRENT OBSERVATION</b>	Department staff provided documentation of regularly scheduled weekly departmental meetings. Various topics were covered including updates to policies and procedures.
<b>DETERMINED STATUS</b>	<b>IMPLEMENTED</b>
<b>Recommendation 1.3</b>	Develop a documented quality review program to ensure compliance with comprehensive policies and procedures.
<b>SUMMARY OF ORIGINAL FINDING</b>	
<b>CURRENT OBSERVATION</b>	Policy # 43802-011 Quality Control Review Policy – Code Enforcement Cases effective March 4, 2024 established quality review expectations. Internal Audit reviewed a sample of code enforcement cases and noted that quality reviews were being documented in the Cityworks software program.
<b>DETERMINED STATUS</b>	<b>IMPLEMENTED</b>

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

<b>Recommendation 2.1</b>	Development Services management should coordinate with the City Attorney’s office to update the City Code of Ordinances as deemed necessary and ensure comprehensive policies and procedures are in agreement. Any updates to the City Code of Ordinances should ensure compliance with North Carolina General Statutes.
<b>SUMMARY OF ORIGINAL FINDING</b>	
<b>CURRENT OBSERVATION</b>	Development Services staff provided examples of communication with the City Attorney’s Office on code enforcement updates.
<b>DETERMINED STATUS</b>	<b>IMPLEMENTED</b>

<b>Recommendation 2.2 SUMMARY OF ORIGINAL FINDING</b>	Management should obtain written guidance from the City Attorney’s Office for the enforcement of code violations that deviate from the standard code enforcement cases.
<b>CURRENT OBSERVATION</b>	Development Services staff provided examples of communication with the City Attorney’s Office on code enforcement cases.
<b>DETERMINED STATUS</b>	<b>IMPLEMENTED</b>

<b>Recommendation 2.3 SUMMARY OF ORIGINAL FINDING</b>	Management should develop a process for reviewing the City’s Code of Ordinances, as it pertains to code enforcement, to ensure updates are made as necessary.
<b>CURRENT OBSERVATION</b>	Development Services staff provided documentation showing text amendments are regularly taken to City Council for approval. Staff stated the Department’s process is to take text amendments to the Planning Commission twice a year.
<b>DETERMINED STATUS</b>	<b>IMPLEMENTED</b>

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

<b>Recommendation 3.1 SUMMARY OF ORIGINAL FINDING</b>	Development Services management should coordinate with the Finance Department to develop comprehensive policies and procedures showing clear lines of departmental responsibilities regarding the assessment and collections of abatements costs, civil penalties and administrative fees, to include but not limited to the authority to waive/reduce abatement costs, collection agency reporting and periodic reconciliations.
<b>CURRENT OBSERVATION</b>	To reflect the current department practices and address the audit recommendation, the Department developed the following policies: <ul style="list-style-type: none"> <li>• 43802-007 Citation Collections</li> <li>• 43802-010 Demolition Assessments; and</li> <li>• 43802-011 Lot Cut Assessments.</li> </ul> <p>The audit recommendation required the Development Services and Finance departments to coordinate and develop policies and procedures on the authority to waive/reduce abatement costs. However, these departments do not have the authority to waive or reduce abatement costs without the approval of City Council. Therefore, the City Manger’s and City Attorney’s Offices should address the Ordinance related to abatement costs and take any changes to City Council for approval as required.</p>
<b>DETERMINED STATUS</b>	<b>IMPLEMENTED</b>

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**VECTOR FLEET CONTRACT FOLLOW-UP  
(A2020-04F)**

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May 2024



**OUR MISSION**

Provide independent, objective assurance and consulting services designed to add value and improve the City of Fayetteville's operations.

**Internal Audit Director**

Rose Rasmussen, CIA

**Senior Internal Auditor**

Christina Zimmerman, CFE

**Internal Auditor**

Vacant

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# ORIGINAL REPORT HIGHLIGHTS

## Vector Fleet Contract (A2020-04)

Original Report Issued:  
November 2021

**Objective:** To determine if 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.

**Scope:** Limited to contract payment provisions and included 817 repair orders from July 1, 2019 through February 29, 2020.

### Background

- Effective July 1, 2019, the City entered into a ten year contract with Vector Fleet Management, LLC (Contractor) to provide fleet management and maintenance services.
- 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.
- The contract established a target and non-target cost model that provided the basis for invoicing.

### Highlights:

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 the contract terms were vague related to the process to amend unit classification based on Life Cycle Guidelines and the vehicle replacement plan resulting in increased non-target costs.
- Contract terms 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 at increased non-target costs for target and non-target units.
- 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 for tracking.
- Internal Audit completed the Vector Fleet Contract Audit in September 2020 while still under contract with the vendor.
- Due to the uncertainty around potentially transitioning from fleet services through the contractor to a city-operated fleet services division, the report was not issued until November 2021.
- Effective June 30, 2021, the contract with Vector Fleet Management, LLC had been mutually dissolved.

### WHY THIS MATTERS

This was a high dollar contract which included a:

- Target Cost Commitment for the first three years of \$7.3 million for target units, and
- Additional costs for non-target units at an hourly rate of \$44.85, a 5% part mark-up cost and a 1.5% subcontracted service markup cost.

# Action Since Original Audit Report

## Vector Fleet Contract Audit Follow-Up (A2020-04F)



The Office of Internal Audit has completed follow-up on the Vector Fleet Contract Audit approved by the Audit Committee on November 18, 2021.

### **Objective and Scope**

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

The scope of the follow-up audit was limited to the findings and accepted recommendations in the original audit of the Vector Fleet Contract. This included a review of the Centralized Fleet Maintenance Policy # 107 and records related to the issuance of the policy to City employees.

### **Background**

The original audit report, dated November 2021, had three agreed upon recommendations. The audit provided management with recommendations to:

- Establish a Fleet Maintenance Committee;
- Publish, communicate, and implement written policies and procedures; and
- Provide training on contract policies and procedures for compliance and monitoring.

### **Summary Results**

**3** recommendations proposed in November of 2021

Testing included an evaluation of the agreed upon recommendations to determine if corrective actions were implemented as reported. Based on Internal Audit inquiry for the January 25, 2024 Audit Committee Meeting, management stated the recommendation to establish a Fleet Maintenance Committee would not be implemented.

The Department implemented one recommendation by updating the City's Centralized Fleet Maintenance Policy #107 and issuing the policy to City employees in December 2022 through PowerDMS, a document management system.

The remaining recommendation specifically addressed providing training on contract policies and procedures. However, the Vector Fleet contract had been dissolved making this recommendation no longer applicable.

The Fiscal Year 2024 Audit Plan includes a Fleet Management Audit.



**FULLY  
IMPLEMENTED  
OR NO LONGER  
APPLICABLE**

**2**



**PARTIALLY  
IMPLEMENTED**

**0**



**NO  
LONGER  
CONCUR**

**1**

**Finding 1 - Limited City verification of work performed and repair costs invoiced resulted in overpayments to the Contractor.**

<b>Recommendation 1.3</b>	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.
<b>SUMMARY OF ORIGINAL FINDING</b>	
<b>CURRENT OBSERVATION</b>	Based on Internal Audit inquiry, management stated that establishing a fleet committee is not planned but may be reconsidered in the future if deemed appropriate.
<b>DETERMINED STATUS</b>	<b>NO LONGER CONCUR</b>

**Finding 3 – Fleet management processes were not established.**

<b>Recommendation 3.2</b>	Publish, communicate and implement written policies and procedures City-wide, to include but not limited to personnel who utilize fleet services.
<b>SUMMARY OF ORIGINAL FINDING</b>	
<b>CURRENT OBSERVATION</b>	The City's Centralized Fleet Maintenance Policy # 107 was revised on 12/22/2022 and issued to City employees through PowerDMS, a document management system, in December 2022.
<b>DETERMINED STATUS</b>	<b>IMPLEMENTED</b>

<b>Recommendation 3.3</b>	Provide training on contract policies and procedures for compliance and monitoring.
<b>SUMMARY OF ORIGINAL FINDING</b>	
<b>CURRENT OBSERVATION</b>	The recommendation refers to contract policies and procedures. However, the Vector Fleet contract has been dissolved.
<b>DETERMINED STATUS</b>	<b>NO LONGER APPLICABLE</b>

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***WIRELESS COMMUNICATION USAGE  
FOLLOW-UP  
(A2021-02F)***

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May 2024





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# ORIGINAL REPORT HIGHLIGHTS

## Wireless Communication Usage (A2021-02)

Original Report Issued:  
August 2021

**Objective:** Assess the City's wireless communication usage to identify areas of risk and opportunities for potential savings.

**Scope:** Device usage from February 11, 2020 through March 10, 2021.

### Background

- The City utilized a convenience contract with the State of North Carolina to establish Verizon wireless communications accounts.
- Verizon Wireless was the City's primary vendor for wireless services and was available for all City departments.
- Verizon offered specific service plans designated for National Security, Public Safety, and First Responders with priority network service.
- Verizon Wireless maintained a website, utilized by City management that detailed and summarized the City's wireless activity to include monthly billing and device usage.
- The Verizon website provided City management with the ability to add and change service plans and purchase equipment and device accessories.

### Highlights:

- The City had not established an oversight process, to include acceptable standards for managing device usage.
- The City did not have guidelines on selecting cellular service plans. Therefore, the plans selected were not always the most cost effective.
- Plans used were not at the State contracted rates.
- Plans varied based on the allowance of minutes, data and messaging causing additional monthly service fees and overages.
- A centralized inventory of devices was not maintained by the Information Technology Department.
- Devices returned by employees to be reassigned, disconnected, or disposed were reset to factory settings, dismantled for parts or destroyed without documenting the device's identification information.

### WHY THIS MATTERS

The City and its management have an obligation to be responsible stewards of City resources. Lack of controls and oversight of City programs such as wireless communications devices and usage could lead to loss of public trust.

Additional consequences include but are not limited to:

- Expending City resources on underutilized devices and non-contracted cellular service plans; and
- The inability to efficiently and effectively manage devices.



# Action Since Original Audit Report

## Wireless Communication Usage Follow-Up (A2021-02F)

The Office of Internal Audit has completed follow-up on the Wireless Communication Usage Audit approved by the Audit Committee on August 5, 2021.

### Objective and Scope

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

The scope of the follow-up audit was limited to the findings and accepted recommendations in the original audit of wireless communication usage. This included a review of departmental and citywide policies and procedures, wireless device inventory documentation and Verizon account reporting.

### Notice of Change in Operations

The scope of the original audit covered the City’s Verizon Wireless accounts and included the Police and Fire departments. Following the issuance of the original report in August of 2021, the Police and Fire departments discontinued service with Verizon Wireless and assumed sole responsibility of the wireless devices within their respective departments. Therefore, follow-up audit testing did not include services provided to either the Police or Fire departments.

### Background

The original audit report, dated August 2021, had seven agreed upon recommendations. The audit provided management with recommendations to:

- Develop written policies and procedures;
- Conduct a full wireless device inventory;
- Evaluate appropriate service plans for all devices; and
- Establish a centralized inventory.

### Summary Results

**7 of 7** recommendations were agreed upon in August of 2021

For the October 27, 2022 Audit Committee meeting, management stated they no longer concurred with the recommendation to use Oracle Cloud for small asset management. Therefore, testing included an evaluation of **6** agreed upon recommendations to determine if corrective actions were implemented as reported. The Department implemented two recommendations by establishing written policies and procedures and ensuring devices are on the most appropriate service plans.

Management requested a full-time employee to implement the responses in the original audit. However, a full-time employee was not approved. Therefore, IT created a system that required user department’s collaboration to provide the necessary oversight. To further strengthen controls, Internal Audit encourages the Information Technology Department to continue working towards full implementation of the remaining recommendations.

The Office of Internal Audit has concluded the Wireless Communication Usage Follow-up Audit and expresses appreciation for the assistance provided by Department staff.



FULLY IMPLEMENTED

2



PARTIALLY IMPLEMENTED

0



NOT IMPLEMENTED

4



**Finding 1 – Improving management oversight related to cellular service plans could result in cost savings.**

<b>Recommendation 1.1</b>	Establish written guidelines that outline user department requirements for oversight and accountability. These guidelines should include but not limited to: <ul style="list-style-type: none"> <li>• Identify clear delineation of responsibilities related to the City’s wireless communication function within the Information Technology Department and applicable departmental personnel;</li> <li>• Monthly review of invoices for billing irregularity, overage charges, and zero and underutilized usage with actionable follow-up;</li> <li>• Documenting the business need for devices that must remain active regardless of usage;</li> <li>• Documenting management exceptions to City-wide standards for device distribution;</li> <li>• Timelines and reasons for the suspension and deactivation of cellular service plans; and</li> <li>• Utilizing Verizon Wireless hotspots in lieu of activating cellular service on multiple devices.</li> </ul>
<b>SUMMARY OF ORIGINAL FINDING</b>	
<b>CURRENT OBSERVATION</b>	Internal Audit reviewed City policies and Department standard operating procedures provided by Information Technology (IT) management. Policies and procedures were updated to establish clear areas of responsibility for IT staff members and end user administrators.
<b>DETERMINED STATUS</b>	<b>IMPLEMENTED</b>
<b>Recommendation 1.2</b>	Assign devices to the appropriate contracted service plan prior to deploying the device to the assigned individual or department.
<b>SUMMARY OF ORIGINAL FINDING</b>	
<b>CURRENT OBSERVATION</b>	Usage of wireless data varied across users and devices. Based on the varying data usage, IT determined that paying the Public Safety Plan monthly service fee which provided unlimited data usage to all users was not the most cost effective. Therefore, the Information Technology Department reviewed data usage by user/device and selected the most cost-effective service plan for each group of users. The Department stated the usage is monitored regularly to ensure the devices are on the most cost-effective plans.
<b>DETERMINED STATUS</b>	<b>IMPLEMENTED</b>

**Finding 2 – Inventory Management controls over devices associated with cellular services were not established.**

<b>Recommendation 2.1</b>	Complete and document a full inventory of all active devices to ensure existence.
<b>SUMMARY OF ORIGINAL FINDING</b>	
<b>CURRENT OBSERVATION</b>	A full inventory of all active devices was not completed.  Effort to manage inventory was made by implementing a Monthly Review Checklist process to be completed by end user administrators and returned to IT. However, this process does not require that department staff verify device existence. Additionally, not all departments were completing the review.
<b>DETERMINED STATUS</b>	<b>NOT IMPLEMENTED</b>



<b>Recommendation 2.2 SUMMARY OF ORIGINAL FINDING</b>	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.
<b>CURRENT OBSERVATION</b>	Consistent with observations in the original audit, a centralized inventory of all devices was not established. The IT Department utilized the Verizon MyBiz portal to track inventory, however the portal does not allow tracking of inactive devices.  Additionally, information used to identify some devices in the MyBiz portal was generic and did not provide sufficient information to trace the devices back to the individual user. For example, a device name listed as "I-Pad."
<b>DETERMINED STATUS</b>	<b>NOT IMPLEMENTED</b>

<b>Recommendation 2.4 SUMMARY OF ORIGINAL FINDING</b>	Follow established City standards for properly documenting the surplus and removal of all devices past their usable life cycle.
<b>CURRENT OBSERVATION</b>	<i>City Policy #603 IT Acceptable Use</i> provided direction for properly documenting the surplus and removal of all devices past their usable life cycle. The IT department did not track or notify departments when devices reached "end of life" stage.  In an interview with department management, Internal Audit was informed that end of usable life was never intended to be tracked for mobile devices. Management stated the policy would be updated.
<b>DETERMINED STATUS</b>	<b>NOT IMPLEMENTED</b>

<b>Recommendation 2.5 SUMMARY OF ORIGINAL FINDING</b>	Establish written guidelines requiring a periodic departmental inventory for device existence.
<b>CURRENT OBSERVATION</b>	The Verizon Account Administration standard operating procedures required department administrators to complete the Monthly Review Checklist which requires the validation of inventory. However, the checklist did not specifically address verification of device existence, and no additional follow-up by the IT department was done for departments who did not complete the monthly review.  Additionally, the standard operating procedures did not provide guidance on verifying device serial numbers against the City's centralized inventory records. Furthermore, a full inventory conducted by departments monthly may not be realistic, especially for the larger departments.
<b>DETERMINED STATUS</b>	<b>NOT IMPLEMENTED</b>