

MINUTES

Audit Committee of Roanoke City Council

Location: Council Conference Room
Noel C. Taylor Municipal Building, Room 451 South

Date: December 4, 2013

Time: 4:03 p.m. to 4:25 p.m.

Attendees: Court Rosen, Audit Committee Chair
Ray Ferris, Audit Committee Member
Mayor Bowers, Audit Committee Member [ex officio]
Drew Harmon, Municipal Auditor
Dawn Hope Mullins, Assistant Municipal Auditor
Pam Mosdell, Information Systems Auditor
Debbie Noble, Senior Auditor
Wayne Parker, Senior Auditor
Alisha Royal, Auditor
Ann Shawver, Director of Finance
Dan Callaghan, City Attorney
Sherman Stovall, Assistant City Manager – Operations
Brian Townsend, Assistant City Manager – Community Development
Jody Lawson, Payroll and Systems Administrator
Debbie Moses, HRCC Director
Wyatt Poats, Park Roanoke General Manager
Evelyn Powers, City Treasurer
Ken Cronin, Director of General Services

1. Call to Order:

Mr. Rosen called the meeting to order at 4:03 p.m.

2. Surplus Sales:

Mr. Harmon stated that City surplus sales primarily involve retired vehicles. The audit was a routine review of surplus sale deposits for timeliness and completeness. It quickly became apparent that there were problems with supporting records, the timely disposal of retired vehicles, and associated deposits.

The Fleet Manager position was open at the time of the audit and the Assistant Supervisor, who was responsible for surplus sales, was acting as interim Fleet Manager. The Assistant Supervisor resigned soon after the audit began. Due to the lack of records maintained in Fleet Management, auditors relied on auction and salvage company records to identify checks written to the City. Auditors recovered a little over \$25,000 in undeposited checks.

Mr. Harmon noted that a new Fleet Manager has since been hired and that management has put procedures in place that should address the identified issues.

Mr. Rosen asked for questions or comments. There being none, the report was received and filed.

3. Delinquent Collections Turnover:

Mr. Harmon stated that delinquent collections had been consolidated under the Treasurer's Office beginning on July 1, 2013. He noted that the Director of Finance had requested a turnover audit to help ensure a clean handoff of accounts.

Approximately \$6.5 million in delinquent taxes were turned over on July 1 to the Treasurer's Office. The delinquent collections system that had been used for several years was antiquated and unstable, and a replacement system was under development. Based on the records available and interviews with collections staff, auditors identified no fraud or misappropriations.

Mr. Ferris asked how the new collection system was working. Ms. Powers responded that the first of three phases of the system went into production on September 16. This phase is essentially a notes system that also enables collectors to establish payment plans for debtors. The system provides the capability to link together a debtor's various unpaid taxes so that collectors have a complete view of all the monies a debtor owes the City.

Mr. Ferris asked if this system brought the City closer to having a one-stop shop for collecting taxes. Ms. Powers felt that the consolidation and the system were significant steps in that direction. She noted that the City's Department of Technology would be developing phases two and three of the collection system after completing the mainframe migration project.

Ms. Powers briefed the committee on various aspects of collections processes in her Office, discussed staffing and training, and thanked Mr. Lawson for assistance in transitioning collections responsibilities from Finance to the Treasurer's Office.

Mr. Rosen asked if there were other questions or comments. Being none, the report was received and filed without objection.

4. Purchasing Cards:

Mr. Harmon noted that there were over 500 active City purchasing cards during 2012 and that \$5.3 million in goods/services were purchased with the cards. Auditors visited 19 departments and reviewed their procedures for administering purchasing cards. Appropriate procedures appeared to be in place. The results of the statistical sample testing showed that all purchases were appropriate in nature, associated receipts were on file 99% of the time, and 98% of expenditures were coded to the proper account. Auditors also performed a separate analysis of purchases by card holders in pay grades 16 and higher. No issues were identified.

Ms. Shawver commented on the history of the City's purchasing card program and noted that the annual audit of purchasing cards has helped the City maintain a good program.

The report was received and filed without objection.

5. Parking Garage Management Follow-Up:

Mr. Rosen welcomed Ms. Moses and Mr. Poats to the meeting and asked Mr. Harmon to present the report.

Mr. Harmon reminded the committee of the 2011 audit of the parking garages, which was the first comprehensive look at parking operations. He stated that management and employees have made terrific progress since 2011. Nine [9] of 11 audit findings were closed and will require no further follow up. Mr. Harmon noted that management had put in place well-designed processes that help ensure parking garages will continue to be clean, well-maintained, and safe over the long-term. He commended Ms. Moses and Mr. Poats for their hard work and success. Mr. Harmon also noted the terrific collaboration between Parking, City Engineering, Facilities Management, and the Police department in addressing Parking Garage maintenance and safety.

When asked for comments, Ms. Moses stated that she appreciated the kind words and that it has been a helpful journey. She has been pleased with the progress and believes they are very close to fully addressing the two remaining audit findings.

Mr. Rosen stated that he is also pleased with the progress made and that the lighting and appearance of the parking garages have noticeably improved.

There being no further questions or comments the report was received and filed without objection.

6. LEAN Projects:

Mr. Harmon reported that Ms. Mullins participated on three LEAN project teams, which reviewed processes for potential efficiencies. He noted that audit work aligns well with LEAN reviews, using many of the same techniques and tools. Today's briefing addresses reviews of the assembly permit application and street closure notification processes. A review of E-911 staff retention is ongoing and will be shared at a future meeting.

There are a great number of applications annually for assembly permits. The approval process requires several departments to review each application. The LEAN project team determined that reducing the points of entry for applications and having all departments simultaneously receive a copy of the application for review would reduce the number of days required to approve permits. These changes were implemented. As a result, the average number of calendar days to approve applications dropped from 18 to six [6].

The streets closure notification project addressed the issue of notifying affected parties when streets were to be closed for parades and similar public events. The LEAN project team identified multiple modes of communication already in use by various City departments that could be used to broadcast information on street closures. Notifications are now published on these sites providing a greater awareness of impending closures and allowing stakeholders to plan appropriately.

The report was received and filed without objection.

7. APA Report on Commonwealth Collections:

Mr. Harmon noted that this report was provided to Council at its regular Monday meeting. Mayor Bowers commented that it was included on the consent agenda and was not reviewed at that time. Mr. Harmon reported that the only finding was related to the appropriation of asset forfeiture funds managed by the Commonwealth Attorney's Office. The Department of Finance, City Attorney's Office, Treasurer's Office and the Commonwealth Attorney's Office are developing an appropriation request as specified by the applicable regulations. This finding should be addressed prior to the 2014 report.

The report was received and filed without objection.

8. Quarterly Audit Plan Update:

Mr. Harmon reviewed the plan, noting the addition of the City's bridge inspection program. A more detailed plan will be presented in March, outlining the cyclical audits currently being identified.

The plan was received and filed without objection.

9. Hotline Update:

Mr. Harmon stated that several hotline reports were closed this quarter. The purpose of the quarterly update is to communicate the types of issues coming through the hotline without disclosing names and departments. Mr. Harmon observed that investigations have helped identify procedural issues which were then addressed before growing into larger, more substantial issues.

The report was received and filed without objection.

10. Other Business:

None noted.

11. Adjournment:

The meeting was adjourned at 4:25 p.m.

Drew Harmon, CPA, CIA
Municipal Auditor
Audit Committee Secretary