

# MINUTES OF THE AUDIT COMMITTEE OF ROANOKE CITY COUNCIL

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

**Date:** September 1, 2010

**Time:** 4:00 p.m. to 5:00 p.m.

**Attendees:** Sherman Lea, Audit Committee Chair  
Court Rosen, Audit Committee Member  
David Trinkle, Audit Committee Member  
Mayor David Bowers, Ex-Officio Member of the Audit Committee  
Drew Harmon, Municipal Auditor  
Ann Shawver, Director of Finance  
Chris Morrill, City Manager  
Jim Grigsby, Assistant City Manager – Operations  
Brian Townsend, Assistant City Manager – Community Development  
Dawn Hope Mullins, Assistant Municipal Auditor  
Pam Mosdell, Information Systems Auditor  
Debbie Noble, Senior Auditor  
Ann Clark, Senior Auditor  
Sheriff Octavia Johnson  
Phil Schirmer, City Engineer  
Luke Pugh, Civil Engineer II  
Stephanie Moon, City Clerk  
Susan Lower, Director of Real Estate Valuation  
Andrea Trent, Assistant Director of Finance

## 1. Call to Order

Mr. Lea called the meeting to order at 4:04pm.

## 2. Selection of Committee Chair

Mr. Rosen nominated Mr. Lea; Mayor Bowers seconded the nomination. There were no other nominations offered and Mr. Lea was unanimously elected chair.

## 3. Audit Committee Annual Report

Mr. Lea briefly reviewed the report and commented that the year went well for the committee. He asked for additional comments and questions. There were none and the Committee voted to forward the report to the Clerk's office for placement on the

September City Council consent agenda.

#### **4. Code Enforcement Follow-up Audit**

This audit served as a follow up to findings identified in the March 2009 Code Enforcement report. Community concerns with enforcement of weed, trash, and property maintenance ordinances, as well as the timelines involved with remedying issues, prompted Municipal Auditing to schedule a separate, early follow up audit. The outcome of the report was favorable. Mr. Harmon highlighted some of the notable findings:

- A complete and comprehensive set of policies and procedures have been developed and provide a good foundation for future improvements in enforcing weed, trash, and property maintenance codes.
- Two Senior Inspector positions were created that help ensure consistency in how Inspectors enforce the code.
- A measure of housing conditions was identified in Real Estate Valuation. Real Estate Appraisers visit each house in the City over a four (4) year cycle to evaluate condition. This information provides an excellent gauge of the health of the City's housing stock. The data indicated that 95% of the city's residential properties were in average or better condition. The Code Enforcement Division plans to review the houses evaluated by Appraisers to be in poor condition and to cite those properties as appropriate.
- Code Enforcement and Technology staff have invested significant time in improving Property Maintenance screens in the Accela system which will help facilitate work. These improvements are expected to be completed by December 31, 2010.

The Mayor asked about the inconsistency of control dates [go-live dates for improvements to various Accela modules] in the report. Mr. Harmon responded that it was normal for changes to be implemented over the course of time. He noted that the Auditing department will follow up on audit findings annually until they are resolved.

Mr. Rosen and Mr. Lea both commented that the progress in Code Enforcement over the last year and a half has been impressive.

Dr. Trinkle commented on the positive impact realized when the Neighborhood Coordinator began sending the court docket to neighborhood representatives. This has encouraged people to attend court hearings and helped demonstrate to the Judges the neighborhoods' support for enforcing the code.

Mr. Morrill commented on other related efforts:

- The Police Department has organized a number of neighborhood walks that bring together residents and representatives from various city departments. Crime and its contributing factors, such as property maintenance issues, are identified during the walks and collectively addressed.
- The Old Southwest Neighborhood Association has created a rental property sub-committee. The City is working on a pilot project with this group to assemble data and attempt to determine the root causes of neighborhood problems, as well as identify means to address them.
- City representatives have met with the Roanoke Neighborhood Advocates group and discussed ways of improving communication. Additionally, City staff are developing a business case for implementing a 311 system which would better support two-way communication with citizens. Such a system would require one to two years to fully implement, as well as a significant monetary investment. The only 311 system in the Commonwealth is thought to be in Hampton.

The committee further discussed general aspects of how a 311 system works and the benefits of partnering with other localities. A regional system would be ideal.

The Code Enforcement Follow-up report was received and filed.

## **5. Roanoke River Flood Reduction Audit**

The Roanoke River Flood Reduction project was initiated in 1988 and a Local Cooperation Agreement was signed with the Army Corps of Engineers [Corps] in 1990. At the request of the City's Engineering Division, Municipal Auditing staff worked with Corps personnel to validate the Corps' August 2009 request for \$1.2 million in additional project funds. Based on available information the request was determined to be adequately supported by the Corp's accounting records.

The audit report offers recommendations for potential project accounting and communication improvements. The scope and scale of the project, the span of time involved, and the complexities of cooperation agreement contributed to the reportable issues. Mr. Harmon noted that both the Corps and the City Engineering Division personnel were very cooperative and supportive of the audit.

Mayor Bowers asked how the City managed the unexpected request for an additional \$1.2 million in local matching funds.

Mr. Schirmer responded that project funding is derived from a designated portion of the City's utility tax and that the Corp's request was primarily a cash flow issue. The City was able to identify the cash funds necessary to make the required payment. Ms. Shawver also noted that City Council approved additional bond funding for the flood reduction project in November.

Mr. Schirmer further explained that the flood reduction portion of the project is nearing completion, with the final contract for benchcuts and recreational trail having already been awarded. The Engineering Division does not anticipate additional large payments will be required.

Dr. Trinkle commented that the report was a good summary and asked if any federal stimulus funds for the project were lost. Mr. Schirmer replied that no stimulus funds were lost.

The Committee discussed greenways in relation to the flood reduction project. Mr. Schirmer reported that the project will conclude with the benchcuts and recreational trails that stretch to Bridge Street, which are already under contract. Recreational trails along the river required to reach Salem will not be funded as part of the flood reduction project. The City will pursue other funding sources to complete this portion of the greenway which is estimated at approximately two miles. .

The Mayor asked about the original project cost estimate and how it compared to final costs. Mr. Schirmer stated that original costs were estimated at \$31 million with final project costs totaling approximately \$74 million.

The Committee discussed the success of the project in reducing flood damage and improving the recreation around the river.

The Committee received and filed the Roanoke River Flood Reduction report.

## **6. Sheriff's Canteen and Auxiliary Funds Audit**

The Virginia Auditor of Public Accounts [APA] requires that Inmate Canteen funds be audited annually by an external audit firm. Staff of the Municipal Auditing Department perform the audit according to the specifications provided by the APA and the results are reviewed by the City's independent audit firm, KPMG. No findings were noted in the Fiscal Year 2010 audit.

A separate, independent audit of the Sheriff's internal controls is also required by the APA. The City has contracted with Brown, Edwards and Company to perform this work. The report related to Sheriff's internal controls will be presented at the December Audit Committee meeting.

The Committee had no questions; the Sheriff's Canteen and Auxiliary Funds report was received and filed.

## **7. City Council Expenditures – FY 2010**

Per the Travel and Expense Policy for City Council, Municipal Auditing is required to review council expenditures annually. During Fiscal Year 2010, all Council Members sustained a spending level well within budget and there were no findings cited in the report.

Mr. Lea thanked Ms. Moon and her staff for their work in helping to ensure Members of Council complied with the travel policies and procedures.

Dr. Trinkle asked about a disbursement to the Roanoke Tribune noted in the results section of the audit report. Mr. Harmon stated that the payment was for an advertisement congratulating the Tribune on its 71<sup>st</sup> anniversary. This disbursement was noteworthy as it was classified as a gratuity and is paid annually. It was noted in the report to ensure Members of Council were aware of the expenditure. Committee members commented that the expenditure had been approved by Council.

Committee members discussed the City's Discretionary Expenditures Policy. It was noted that government officials play an important ceremonial role in the community. A desire that the policy be clear and consistent was expressed. Based on the discussion, the Committee asked City staff to research model policies and to make recommendations for improving the City's policy.

## **8. Call for Other Business Requiring the Committee's Attention**

- Ms. Shawver shared with the Committee that the Internal Revenue Service [IRS] has notified the Department of Finance of its intent to audit the City. Roanoke County and the City of Salem have already been visited. The audit will likely involve reviewing the City's files for required forms such as W-4s. IRS staff may also look at issues such as the City's treatment of employees as contractors. The engagement will cover Calendar Year 2008 and will take place in late October.
- Mr. Harmon proposed continuing to hold Audit Committee meetings on Wednesdays from 4:00 p.m. to 6:00 p.m. and the following dates were confirmed by the Committee:
  - March 2, 2011
  - June 1, 2011
  - September 7, 2011
  - December 7, 2011

## **9. Adjournment**

Mr. Lea adjourned the meeting at 5:01 pm.