

# **MINUTES**

## **Audit Committee of Roanoke City Council**

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

**Date:** March 6, 2013

**Time:** 4:06 p.m. to 4:44 p.m.

**Attendees:** Court Rosen, Audit Committee Chair  
Sherman Lea, Audit Committee Member  
Ray Ferris, Audit Committee Member  
Drew Harmon, Municipal Auditor  
Dawn Hope Mullins, Assistant Municipal Auditor  
Pam Mosdell, Information Systems Auditor  
Ann Shawver, Director of Finance  
Dan Callaghan, City Attorney  
Sherman Stovall, Assistant City Manager – Operations

### **1. Call to Order:**

Mr. Lea called the meeting to order at 4:06 p.m.

### **2. Regional Center for Animal Control & Protection:**

The report was released to the press and City Council in January. Mr. Harmon commented on the importance of Regional Center and the Roanoke Valley SPCA, noting that many dedicated and talented volunteers helped to establish these community assets.

Mr. Harmon stated that the complaints prompting the investigation were not frivolous. While no one appeared to personally benefit from the situation, there were issues with how expenses were allocated.

Mr. Lea asked if the people at the Regional Center were cooperative during the audit. Mr. Harmon responded that everyone was very cooperative.

Mr. Lea asked if there were any recommendations from the report that should be given special attention. Mr. Harmon responded that it will be important that the new Regional Center have sound financial controls in place as it separates from the Roanoke Valley SPCA.

Mr. Ferris asked if Auditing consulted with other Commonwealth Attorney's Offices during the course of the audit. Mr. Harmon responded that he had met with the Commonwealth Attorneys from Botetourt and Roanoke Counties during the audit.

Mr. Ferris asked if the Botetourt County Commonwealth Attorney was satisfied with the outcome of the audit. Mr. Harmon responded that he believed Mr. Branscom was satisfied with the outcome given the expected changes in governing and managing the Regional Center.

Mr. Ferris asked if Botetourt County would be participating in the Regional Center going forward. Mr. Harmon responded that Botetourt County will continue to participate in the Regional Center.

The report was received and filed without objection.

### **3. Jail Cost Report:**

The jail cost report is prepared by the Department of Finance and the State requires that the section reporting various inmate related revenues and expenditures be reviewed and certified as accurate. Mr. Harmon reported that there were no findings.

The opinion was received and filed without objection.

### **4. Quarterly Audit Plan Update:**

Mr. Harmon referred the Committee to the "Open Projects" page and noted the addition of a lean project to review the process for issuing assembly permits. The "Current Priorities" page included a Business License Project that should be performed during the summer in advance of a planned redesign and conversion of the business license system. An audit of workers compensation was added based on the issues noted during the annual external audit. Mr. Harmon noted that various follow up audits have been delayed and should be the next priority.

Mr. Rosen asked if issues with CSA [comprehensive services act] have improved since the audit. Mr. Harmon responded that expenditures on CSA have significantly declined as Social Services began limiting the number of providers working with a child at one time. Mr. Stovall confirmed that expenditures have been trending down for the last three to four years.

Mr. Lea asked what the RCPS Athletics audit encompassed. Mr. Harmon stated the audit arose when a separate fund was created for athletics and school accounting was centralized. The audit primarily involved verifying all athletics-related assets were accurately recorded in the asset system.

Mr. Rosen asked about the Food Services audit. Mr. Harmon responded that the audit primarily focused on revenue collections. Mr. Rosen asked if outsourcing in Food Services would be looked at as part of future audits. Mr. Harmon replied that the School Board has been interested in auditing outsourced functions once they are fully established. He expects the Board will request an audit of Food Services outsourcing in one to two years.

The report was received and filed without objection.

### **5. Hotline Update:**

There have been 18 reports filed since publicizing the hotline in April 2012. Mr. Harmon noted that none of the reports have been frivolous or malicious. As shown in the charts, a majority of

the reports came from citizens. The one report of embezzlement does not involve a city department or city employees and has been referred to the Police.

Two investigations addressing four of the hotline reports were closed during the quarter, as described on page two of the update. One investigation was referred to Human Resources and resulted in personnel action being taken. The second investigation was performed by Auditing, as described in the accompanying report [# 13005].

Mr. Lea asked about the legal requirements to follow through on investigations and to respond to the person who filed the report. Mr. Harmon confirmed that Virginia Code requires auditors to investigate all reports through to resolution. The hotline system provides reporters with a unique key code that enables them to see responses from Auditing without disclosing their identities. Municipal Auditing's procedures include posting a summary of the results of an investigation on the hotline system that the reporter can view.

Mr. Lea asked if the Audit Committee Chair receives hotline reports. Mr. Harmon responded that the Audit Committee Chair is setup in the hotline system with an "Advocate" user role. In this role, the Chair only receives those hotline reports that implicate the auditors or auditing department. Mr. Rosen noted that he receives regular updates from Mr. Harmon regarding reports received through the hotline.

The report was received and filed without objection.

**6. Other Business:**

The Committee agreed to keep the June 5<sup>th</sup> meeting as originally scheduled. Mr. Stovall or Mr. Townsend will represent City Manager during his absence.

**7. Adjournment:**

The meeting was adjourned at 4:44 p.m.

Drew Harmon, CPA, CIA  
Municipal Auditor  
Audit Committee Secretary