

# ANNUAL REPORT FY22

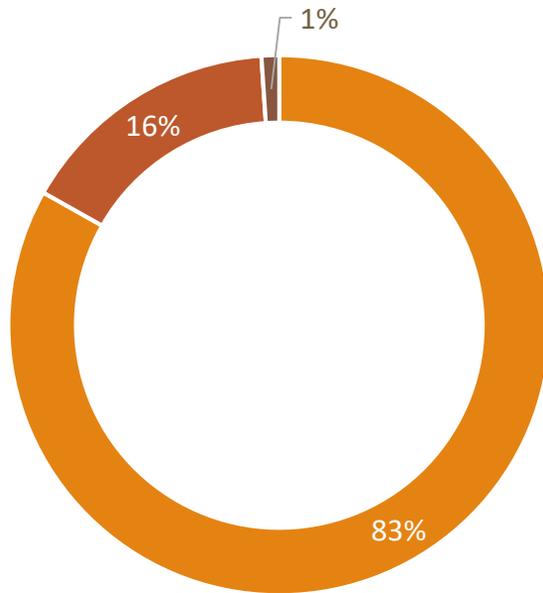
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MUNICIPAL AUDITING DEPARTMENT

# ACTIVITY

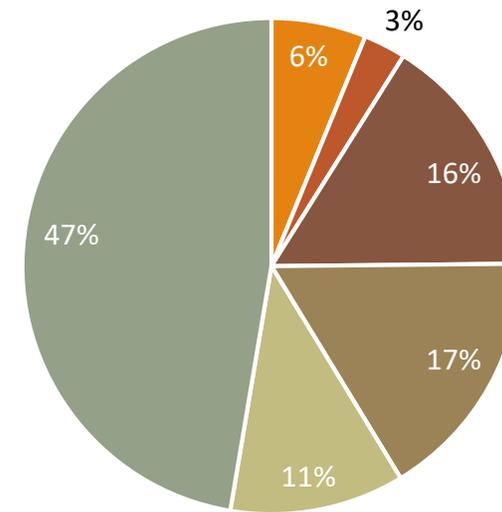
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BY ENTITY



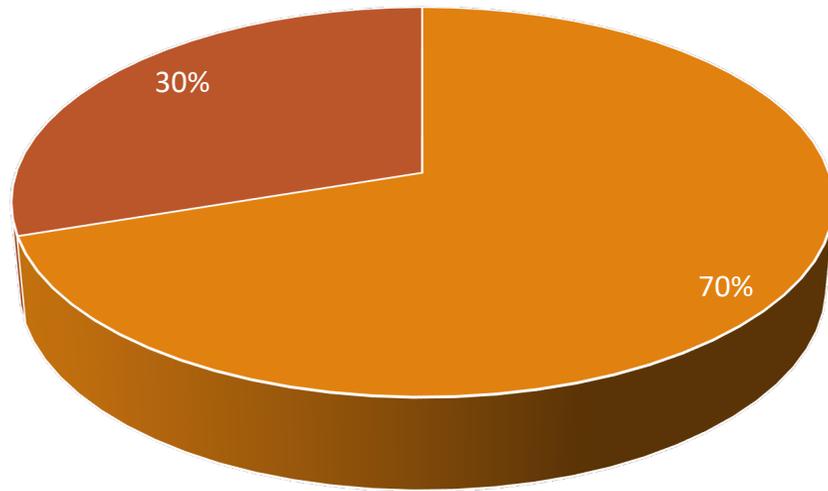
■ CITY ■ RCPS ■ GRTC

BY SERVICE



■ Investigation ■ Follow Up ■ Advisory  
■ Financial ■ Performance ■ PCI Implementation

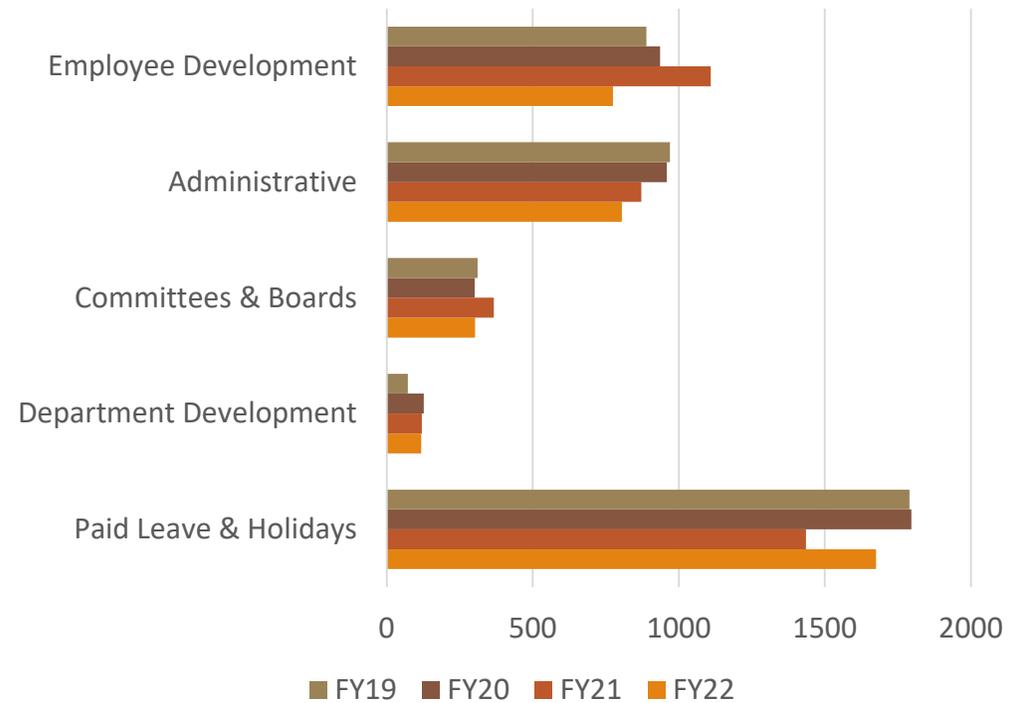
# DIRECT AND INDIRECT TIME



Benchmark = 68% Direct Time

■ Direct ■ Indirect

## Indirect Hours



# DEPARTMENT PERFORMANCE MEASURES

Offer	Measure	Target	Actual
External Audit	Auditor's Opinions Issued by State Deadline	12/15/21	2/11/22
Internal Audits	Assignments Completed per Full Time Equivalent *	8.00	6.95
Internal Audits	% of Audit Findings Successfully Resolved	80%	55.6%
Hotline	% of Hotline Reports Investigated and Resolved in 30 Days	100%	62.5%

\* The PCI project was excluded from the assignment count due to it being a multi-year project that consumes an extraordinary number of staff hours (> 3,500 in FY22). The # of full time equivalents was adjusted based on proportion of staff hours on the PCI project and for staff vacancies.

# PERFORMANCE AUDITS

Title	Direct Hours	Report Date	Objectives
School Vehicle Services	529	7/28/21	<p><b>Do vehicles receive maintenance services at recommended intervals?</b> No. Based on spot inspections, auditors noted issues with fluids, batteries, tire inflation, and state inspections. A sample of ten (10) vehicles found that four (4) had not received all recommended maintenance. Data analysis indicated that 61% of monthly vehicle inspection reports were not completed by vehicle operators.</p> <p><b>Do departments monitor vehicle utilization?</b> No. The school division had not established utilization benchmarks. Based on federal utilization guidelines, the majority of division vehicles were under-utilized.</p> <p><b>Are controls adequate to ensure fuel paid for by the division is used for approved purposes and correctly billed?</b> Yes. Fuel pumps at the public works service center were accurately reporting fuel dispensed and monthly billings were materially correct. Data analysis did not identify any unusual patterns or transactions.</p> <p><b>Is the division appropriately managing vehicle liability through employee training and monitoring?</b> No. The division was not verifying that employees had valid drivers licenses or reviewing driver history. A vehicle use policy was not provided to employees.</p>

# PERFORMANCE AUDITS (CONTINUED)

Title	Direct Hours	Report Date	Objectives
School Accounts Payable	390	8/20/21	<p><b>Are system access rights appropriately assigned to ensure users can only perform the financial functions compatible with their positions and as authorized by management?</b> Yes. The Keystone system has controls that help prevent data entry errors based on format and relative logic. The system has budgetary controls at the line item level. The division has designed user roles and groups appropriately, limiting system access to the minimum necessary for employees to effectively perform their responsibilities. Testing indicated data in the financial module was complete and accurate.</p> <p><b>Are all payments timely, accurate and only issued for legitimate, authorized purchases of goods and services?</b> Yes. Testing confirmed that payments are timely and accurate. Data validation controls, appropriate separation of duties, and multiple levels of approval help ensure purchases and payments are accurate, legitimate and authorized.</p>
Gifted Education	392	3/03/22	<p><b>Is the division's annual report on its gifted programs correct and in accordance with the Virginia Department of Education's (VDOE) regulations?</b> Yes. All data reported to the VDOE was supported by underlying data in the student record system (Synergy).</p> <p><b>Are universal test scores accurately recorded on each Student Identification Profile Sheet?</b> Yes. This data helps identify potential giftedness. Profiles were accurately completed for 28 of 29 second grade students meeting the established criteria during school year 2021.</p>

# PERFORMANCE AUDITS (CONTINUED)

Title	Direct Hours	Report Date	Objectives
Gifted Education (continued)	392	3/03/22	<p><b>Are all 5<sup>th</sup> grade students properly evaluated for advanced programs and offered appropriate middle school courses?</b> Yes. The division has a consistently applied process in place to evaluate all 5<sup>th</sup> grade students for middle school courses. On average, 40% of 5<sup>th</sup> graders are recommended for one or more middle school honors courses each year.</p> <p><b>Do all teachers in the Office of Gifted Education and Advance Academic Programs have an endorsement in gifted education and at least 3 years of successful classroom experience as required by the job description?</b> Yes. All teachers have the required experience and are gifted-endorsed or substantially within the two year grace period for obtaining the endorsement.</p>

# FINANCIAL RELATED & ADVISORY ASSIGNMENTS

FINANCIAL	
- Clerk of Circuit Court	- City Council Expenditures
- Police Cash & Fees	- Annual Simplified Comparative
- External Audit Coordination	- Sheriff Turnover Review

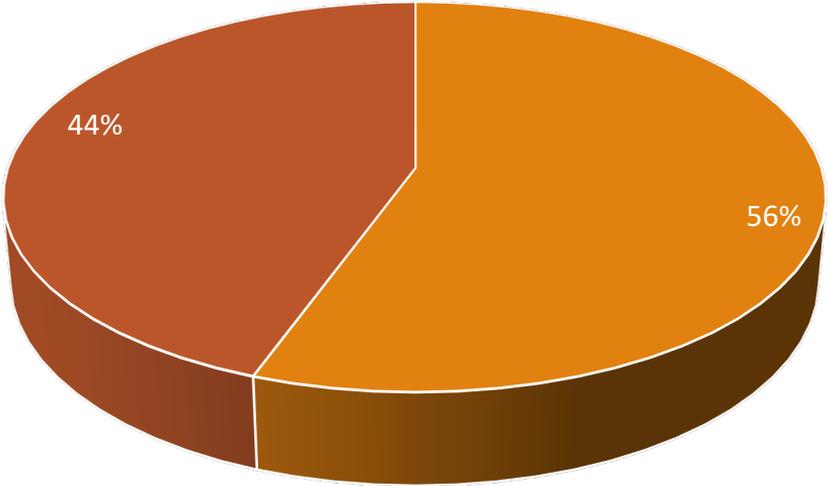
ADVISORY	
- LEAN Committee	- Revenue Committee
- Information Technology Committee	- Budget Ordinance Training
- DSS APRA Grants	- EDA ARPA Grants
- ACH Change Controls	- Financial Disclosure Statements
- Clerk workflow & records retention	- Commonwealth Attorney
- Council Travel Policy	- Echeck Validation Rules
- Council Budget Transfers	- Records Retention
- Personal Property Tax	- Transportation Permit Billing
- Trust Tax Write Off	- Alarm Registration
- Grant Accounting	

# PCI IMPLEMENTATION

Municipal Auditing Role:	Project Management
Departments Involved:	<ul style="list-style-type: none"> <li>▪ Treasurer</li> <li>▪ Commissioner of the Revenue</li> <li>▪ Technology</li> <li>▪ Planning Building &amp; Development</li> </ul> <ul style="list-style-type: none"> <li>▪ Finance</li> <li>▪ Real Estate Valuation</li> <li>▪ City Attorney</li> </ul>
Legacy Systems Being Replaced:	<ul style="list-style-type: none"> <li>▪ Aumentum [Real Estate &amp; Cashiering]</li> <li>▪ Personal Property</li> <li>▪ Delinquent Collections</li> <li>▪ Short-term Rental</li> </ul> <ul style="list-style-type: none"> <li>▪ Business Tax</li> <li>▪ Business License</li> <li>▪ State Tax</li> <li>▪ Advantage [Nuisance Abatements]</li> </ul>
Ongoing Project Tasks:	<ul style="list-style-type: none"> <li>▪ Configuration</li> <li>▪ Conversions</li> <li>▪ Interfaces</li> <li>▪ Reporting</li> </ul> <ul style="list-style-type: none"> <li>▪ Testing</li> <li>▪ Online Portal</li> <li>▪ Training</li> <li>▪ Process Development</li> </ul>
Tentative Go-live Date:	October 24, 2022

# FOLLOW UP AUDITS

AREA	ACTIONS	RESOLVED	REVISIT
School Purchasing	3	3	0
School Food Services	6	2	4
Total:	9	5	4



■ Resolved ■ Revisit

# INVESTIGATIONS

File #	Concern	Conclusion
22-301	<p>Concern that funds received by Human Services for the care of an infant in foster care were not properly accounted for and that there were unused funds that should have been transferred to the parent when custody was awarded to the parent. We determined that expenditures had been appropriate, were accounted for correctly, and that no funds remained at the point custody transferred. An economic impact payment received for the child after custody transferred was not reviewed timely and was therefore pending payout to the parent at the time we investigated. These funds were paid out once identified. (Full Report to Audit Committee December 20, 2021)</p>	Unsubstantiated
22-302	<p>Allegation that GRTC had not deposited 457 and Health Savings Account contributions to employees' accounts on a timely basis. We verified that June and July withholdings had not been deposited to employee accounts. Management outsourced payroll processing to a third party in May and cited issues with reports from the third party's system as the cause for delaying deposits. Deposits were made and employees made whole by September 14, 2021.</p>	Substantiated
22-303	<p>Allegation that certain employees were observed with their masks off in violation of City policy. This allegation was referred to the Human Resources Department.</p>	Referred

# INVESTIGATIONS (CONTINUED)

File #	Concern	Conclusion
22-304	<p>Concern that management was willing to pay a younger person with far less experience substantially more than the incumbent who had been with the City for over 20 years and who had always been an excellent performer. The reporter alleged that five recent hires in grades 13 thru 16 also started at significantly higher salaries than incumbents. Personnel Operating Procedure (POP) 16 specifies that new hire salaries should be within 15% of the grade minimum. Exceptions may be approved by the applicable elected or appointed officer.</p> <p>Our analysis of the new hires cited by the reporter found salaries were between 11% and 24% higher than the incumbents (average 16.4% higher). New hires started between 67% to 75% above the minimum of the pay range. The incumbents averaged 47% of the range with one as low as 25%. An analysis of pay based on years of service showed that longer tenured employees are paid higher salaries in general. The City's Human Resources department was contracting for a compensation study at the time of this report. The study should provide a comprehensive analysis of pay across all positions. We closed the investigation in anticipation of the study addressing this reporter's concerns.</p>	Referred
22-305	<p>Alleged that the interview process for a key position had not been fair and risked placing an inexperienced and unqualified candidate in the position. The City Attorney's Office and City Management were already aware of the situation and had taken steps to address it.</p>	Substantiated

# INVESTIGATIONS (CONTINUED)

File #	Concern	Conclusion
22-306	<p>Concern that a City employee was being abusive on social media and had identified themselves as an employee of the City of Roanoke, which made their postings subject to City Administrative Procedure 5.8 “Electronic Communications and Internet Policy.”</p> <p>We reviewed the employee’s social media account and noted that they did not list the City of Roanoke as their employer or include any information that linked them to the City. Their comments on the issue noted were limited, did not involve profanity or other words of an exclamatory nature.</p>	Unsubstantiated
22-307	<p>Concern that management allowed a coworker to continue working while charges for assault and battery were pending trial, and that coworkers were not made aware of the charges.</p> <p>Personnel Operating Procedure (POP) 22 authorizes management to suspend an employee charged with criminal acts incompatible with their position; it does not address coworker notification.</p> <p>We determined that management was unaware of the criminal charges against the employee. Management suspended the employee one day after learning about the charges. POP 22 was revised to require employees charged with a crime punishable by imprisonment to provide notice to management within 24 hours of being charged.</p>	Unsubstantiated

# INVESTIGATIONS (CONTINUED)

File #	Concern	Conclusion
22-308	Concern that a supervisor had worked on setting up an outdoor event a week after having been diagnosed with COVID, in violation of city policy. The reporter indicated that the concern was reported to management. We requested more information about who was notified and what actions were taken, but received no response. Given the nature of the concern and limited information, this was closed without further action.	Unsubstantiated
22-309	Concern that a backlog of work had developed during the transition to a new Risk Manager; that the direction being given to the new Risk Manager was hampering her ability to prioritize the backlog; and that there was a danger that major risks would not be addressed timely. We determined that a backlog had developed initially, prior to the new Risk Manager starting the position. The backlog had been resolved by the time of our investigation. During the investigation, we noted one property was underinsured, which prompted a review of all properties. (Full report to Audit Committee June 1, 2022)	Substantiated
22-310	Concern about salary compression created when \$15 minimum wage was implemented. Alleged that employees in positions requiring more technical skills, knowledge and training, as well as those with longer tenure, were not being treated fairly. Compensation study should help address this concern.	Referred
22-311	Report of abuse of elderly person. Referred to Human Services.	Referred

# INVESTIGATIONS (CONTINUED)

File #	Concern	Conclusion
22-312	<p>Concern that nepotism was involved in reclassification and substantial pay raise for a specific position, while pay and classification issues contributing to low morale and high turnover city-wide were being ignored. Our preliminary research confirmed the reclassification and pay increase (&gt;30%). However, the reclassification request was initiated and approved in accordance with policy. There was no evidence that the employee's relation was involved in initiating or otherwise advocating for the change.</p>	Unsubstantiated
22-313	<p>Concern about appropriate expenditure of public funds. Final report under development.</p>	Pending
22-314	<p>Allegation that there is waste and abuse, incompetency, discrimination, favoritism, recklessness of duties, failure to provide feedback, and other examples of poor leadership occurring in the offices of "appointed officials." We requested specific examples of acts the reporter was concerned about and the specific office or offices in which these acts were occurring. The reporter did not respond.</p> <p>Given that the Municipal Auditor is an appointed office, this hotline report was provided to the Chair of the Audit Committee (Joe Cobb) for review and final disposition. Based on the non-specificity of the allegations and lack of response to a request for more actionable information, Mr. Cobb concluded that no further action could be taken at this time.</p>	Unsubstantiated

# INVESTIGATIONS (CONTINUED)

File #	Concern	Conclusion
22-315	Concern that an employee receiving an annual salary supplement for using their personal vehicle for work was inappropriately claiming mileage for out of town business trips. Administrative Procedure 6.4 explicitly states that employees receiving a salary supplement for personal vehicles are allowed to claim mileage for out of town travel. We reviewed all mileage claims submitted by the employee in question from July 1, 2019 through May 3, 2022. The requests were for out of town travel and were in accordance with city policies.	Unsubstantiated
22-316	Allegation that a city resident has two vehicles garaged in the city that are not properly licensed by the state and are not being taxed as personal property. This was referred to the Commissioner of the Revenue's Office.	Referred

# AUDITING STAFF (6/30/22)

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## Cari Spichek - Senior Auditor

- BS – Accounting
- Certified Internal Auditor (CIA)
- Department Tenure – 6.25 Years

## Brian Pendleton – Senior Auditor

- MS – Accounting
- Certified Public Accountant (CPA)
- Department Tenure – 3.50 Years (Resigned 11/05/21)

## Dorothy Hoskins – Senior Auditor

- BA – Finance
- Certified Fraud Examiner (CFE)
- Department Tenure – 1.67 Years

## Tasha Burkett – Information Systems Auditor

- BA – Accounting
- Certified Information Systems Auditor (CISA)
- Department Tenure – 7.70 Years

## Dawn Mullins – Assistant Municipal Auditor

- BBA – Accounting
- Certified Public Accountant (CPA)
- Department Tenure – 15.25 Years

## Drew Harmon – Municipal Auditor

- BS – Accounting
- Certified Internal Auditor (CIA), Certified Public Accountant (CPA)
- Department Tenure – 24.50 Years

# Municipal Auditing Department Contact Information:

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