

MINUTES

Audit Committee of Roanoke City Council

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

Date: December 19, 2022

Time: 1:00 pm to 1:36 pm

Attendees:

Audit Committee Member	Present (Y/N)
Joseph Cobb (Chair)	Y
Patricia White-Boyd (Vice-Chair)	N
Bill Bestpitch (Member)	Y
Sherman Lea (Ex-Officio)	N

Drew Harmon, Municipal Auditor
Bob Cowell, City Manager
Brent Robertson, Assistant City Manager & Director of Finance
Evelyn Powers, Treasurer
Ryan LaFountain, Commissioner of the Revenue
Timothy Spencer, City Attorney
Tasha Burkett, Information Systems Auditor
Cari Spichek, Senior Auditor
Camille Whitfield-Lamour, Senior Auditor
Stephanie Moon-Reynolds, City Council Member
John Aldridge, Partner, Brown Edwards & Company
Henri Gendreau – Roanoke Rambler (Press)

1. Call to Order:

Mr. Cobb welcomed everyone and called the meeting to order at 1:00 p.m.

2. Approval of the Minutes from the September 7, 2022 Meeting:

Mr. Bestpitch made a motion to approve; Mr. Cobb seconded the motion. The minutes were approved and filed.

3. Briefing on the June 30, 2022 Annual Comprehensive Financial Report and Audit:

Mr. Aldridge noted that Brown Edwards is preparing the financial report this year, in addition to performing the audit. The audit has been completed and Brown Edwards is working on one number to finalize the financial statements. The City will use the financial statements to prepare

“Management’s Discussion and Analysis” (MD&A), which will complete the Annual Comprehensive Financial Report, except for GRTC’s numbers.

Mr. Aldridge noted the City’s audit is months ahead of where it was at this time last year. Having Finance staff focus on making sure the numbers are correct, without having to prepare the financial report, has been a better process. He noted that significantly fewer audit adjustments have been required this year compared to last. As a result, the significant deficiency cited last year is no longer applicable. Mr. Aldridge commended the City on its improvement.

Related to expenditures of federal funds, Mr. Aldridge stated that the City expended over \$45 million in FY 2022. Brown Edwards audited the following federal grants:

- CARES
- SNAP
- TANF
- CDBG
- Medicaid
- Shuttered Venue Grant for Civic Center
- Workforce Investment

The City is responsible for verifying that entities receiving federal funding through the City spend those monies appropriately. A finding for insufficient sub-recipient monitoring related to Workforce Investment funds was the only one cited in this year’s audit.

Mr. Aldridge discussed the State compliance portion of the audit noting the following issues:

- Highway maintenance - There was an issue with how the City was tracking some expenses. This was noted in the prior year’s audit, but not in time to correct it before FY 2022 was affected.
- Fire program – The required annual report was not accurately prepared. This is also a repeat finding that, like highway maintenance funds, takes two (2) years to clear.
- Disclosure statements – Last year seven (7) of 83 were not filed on time; this year five (5) of 83 were not filed timely.

Mr. Cobb thanked Brown Edwards, the Auditing department, and City Management for helping GRTC with their financial reporting this year. He hopes that recent staffing changes will help address GRTC’s issues going forward.

Mr. Bestpitch thanked Mr. Robertson, Ms. Merchant and all of the staff for looking at where the City was a year ago and fixing it. Mr. Robertson thanked Mr. Bestpitch for his comments and noted that Finance is still a work in process. He will let the staff know that the Committee was pleased with their progress.

Mr. Harmon reminded the Committee that this briefing did not satisfy the Auditor's requirement to report the results of the audit to the governing body. Brown Edwards will need to meet with the Committee again once the audit is finished. The next regularly scheduled meeting is March 8th, or a special meeting could be scheduled in February.

Mr. Harmon noted that the Auditor of Public Accounts (APA) was notified that the City's audited financial report will be delayed beyond the December 15 filing deadline. An extension request was also made with the GFOA.

Mr. Cobb asked who notifies the APA; Mr. Harmon responded that Finance made the notification. He also noted that Finance requested the extension with the GFOA.

Mr. Aldridge inquired if the GFOA extension was through January 31. Mr. Robertson responded that he was not sure, but he would follow-up and let the Committee know by email.

Mr. Cobb thanked Mr. Aldridge for his report and asked Mr. Harmon to proceed with the agenda.

4. Review of City Council Expenditures – FY 22:

Mr. Harmon reviewed the objectives and scope of the audit, noting that it covered the period from July 1, 2021, through June 30, 2022. He stated that there were no audit findings this year and then directed the Committee's attention to page 1 showing actual expenditures compared to budgeted expenditures. Mr. Harmon referred everyone to Exhibit 1 showing more detail about the types of expenditures made by Council and how they compare to the prior year. He noted that expenditures for Unit 1110 (Council) could be found in Exhibit 2.

Mr. Harmon asked if there were any questions. Hearing none, the report was received and filed.

5. APA Review of FY22 Collections and Remittances:

Mr. Harmon noted that the Auditor of Public Accounts performs an annual audit of funds collected for the Commonwealth by the City's Constitutional Offices. He congratulated the City Treasurer and Commissioner of the Revenue for having no findings noted this year.

The City Treasurer, Ms. Powers, addressed the Committee regarding the prior year's finding referenced in this year's report. She noted that the prior year's finding related to Sheriff's fees and the amount the City is allowed to retain each year (\$11,920). The error was corrected and the process improved to avoid future issues.

Mr. Cobb asked Ms. Powers about the origin of Sheriff's fees. Ms. Powers responded that all three (3) courts (J&D, General District and the Circuit Court), as well as the Sheriff's Office, take in Sheriff's fees. It usually takes until October for collections to exceed the \$11,920 that the City gets

to retain. The Department of Finance moves Sheriff's fees from the balance sheet into a revenue account until the threshold is met.

Ms. Powers noted that this process is confusing and that the State only allows the Treasurer five (5) days to deposit the money into the State's bank account. She has asked the State to consider simplifying this process.

Hearing no further questions or comments, the report was received and filed.

6. Investigation – Allowable Costs Under the Gun Violence Intervention Program Grant:

Mr. Harmon referred the Committee to the summary of the allegations in the back of the report, noting they came through the hotline. The reporter alleged public funds were used for a commemorative tree, museum tour and dinner for consultants. Mr. Harmon stated that the tree was paid for with private funds. The costs of the museum tour and dinner were reimbursed to the City once the State advised that the costs were not allowable expenditures under the grant. Mr. Harmon then asked if there were any questions.

Mr. Bestpitch asked about a sentence on page 2 that read, "Upon review they concluded the combination of the museum tour and dinner on the same day would be most appropriately classified as entertainment and as such, neither could be approved as allowable costs." He asked if it would have been handled differently if the museum and dinner had been on two (2) different days. Mr. Harmon responded that this question had not been posed to the Department of Criminal Justice Services (DCJS) and that he was not in a position to answer the question.

Mr. Bestpitch stated that expenditures of this nature are often paid by the City. He commended Mr. Cobb for covering them out of his own pocket and felt that Mr. Cobb went above and beyond in doing so.

Hearing no other questions or comments, the report was received and filed.

7. Update on Tax and Treasury System Implementation:

Mr. Harmon called on Tasha Burkett, the project manager, to update the Committee on the system implementation.

Ms. Burkett noted that over 36,000 hours of city staff time had been worked on the project through September 30th. Many more hours have been worked in the last three months. She reminded the Committee about the expected benefits the new system, including:

- Integration of seven (7) systems into one (1): Personal Property, Business License, Real Estate, State Tax, Trust Tax, Short Term Rental, and Delinquent Collections
- Elimination of duplicate entry and several system interfaces

- A portal that enables taxpayers to file returns and make payments online

She noted that citizens are already using the portal and that staff are realizing benefits from the new system.

Ms. Burkett reviewed pending items that will be worked on over the next few months:

- The primary item will be the Real Estate preprocessor for supplemental assessments. The vendor has already started working on the remaining real estate items and the team expects to complete system testing in March and April.
- State income tax is a minor part of the system and should not require much time to complete.
- Miscellaneous Accounts Receivable is pending further consideration by the team. If not implemented, receivables can be interfaced into PCI's collection system.

Ms. Burkett thanked everyone involved in the project, specifically:

- City Treasurer and staff
- Commissioner of the Revenue and staff
- Real Estate Valuation Department and staff
- Department of Technology
- Department of Finance
- City Attorney's Office
- City Manager's Office
- Colleagues in Municipal Auditing
- Municipal Auditor
- Audit Committee
- City Council

Mr. Bestpitch stated that he had no questions, but noted the completion of this project made him happy as he knows how much work has gone into it. He congratulated Ms. Burkett and thanked her and everyone for the effort involved. He specifically thanked Ms. Burkett for leading the project noting she did a great job.

Mr. Cobb echoed Mr. Bestpitch's sentiments, and asked the City Treasurer and the Commissioner of the Revenue to share any reflections they have.

Ms. Powers stated that although they still have things to learn, her staff is happy. She also echoed Mr. Bestpitch's sentiments towards Ms. Burkett, thanked her, and added what a great job she did leading this project to completion. Ms. Powers noted that on average, her Deputy Chief Treasurer worked 55.7 hours a week on this project since 2020.

Ms. Powers wanted to let the Committee know (in case they receive complaints), about a change with the nuisance abatement bills. She stated that citizens will receive a separate bill for nuisance abatement, that if not paid will be added to their Real Estate bill. This is a significant change that makes billing more efficient for City staff and the taxpayer.

Mr. LaFountain stated that his staff is excited to be on the new system. It has been satisfying to see the project come to completion and a relief to no longer be in four (4) different systems. The Commissioner's Office is still collecting citizen feedback. He also thanked Ms. Burkett, the Municipal Auditor, City Treasurer, and everyone else who had a hand in getting this project across the finish line.

Mr. Harmon thanked Ms. Burkett for her work and commented on her strong work ethic and capacity to absorb information. He mentioned the importance of the online portal, especially for businesses who can file monthly returns online. Mr. Harmon thanked the Constitutional Officers, the City Attorney's Office, and City Management.

Ms. Powers noted she has a meeting on the following day (December 20, 2022) with senator Edwards about solid waste fees and changing State code so the City won't have to write off unpaid solid waste fees after three (3) years. This would be consistent with Stormwater fees that remain on the real estate bill for 20 years.

Mr. Cobb asked about creating an online account. Ms. Powers noted that citizens can set up an account and create "watch lists" for their taxes. They will receive an email whenever there is a change in their accounts, such as a new bill.

Ms. Powers also stated that the online portal fees and the fees at the counter are the very same. There is now a fee for an e-check of \$1.50 (used to be free). However, the portal verifies bank information at entry and notifies the user of any errors without submitting the payment to the bank. In the past, the taxpayer would have been assessed a \$35 return check fee.

8. Other Business:

Mr. Harmon introduced Camille Lamour, the new Municipal Auditing staff member. Camille started with the City on September 20th. She has a bachelor's degree in public administration and has worked in the New York City Bureau of Fraud Investigations, the NYC Controller's Office and at the NYC Transit Authority as an analyst / auditor / investigator. Most recently (2014), Camille worked in Loudon County in the Commissioner of the Revenue's Office as a business tax assessor. She has relocated several times due to her husband's work for the Federal Government. They have made Roanoke their home now that her husband has retired.

Mr. Bestpitch welcomed Ms. Lamour who responded that she was happy to be part of such a good team.

Mr. Harmon then thanked Mr. Bestpitch for his service, including eight (8) years on the Audit Committee, several of them as Chair. Mr. Harmon stated that he always appreciated Mr. Bestpitch's insightfulness and his attention to detail. He noted that Mr. Bestpitch will be missed and thanked him again for his service.

Mr. Bestpitch responded that it has been a pleasure to work with everyone and that he appreciated everyone. Ms. Powers also thanked Mr. Bestpitch for his support.

Mr. Cobb asked Mr. Harmon to let the Committee know if a special meeting will be needed for Brown Edwards to present the results of the audit. Mr. Harmon responded that he would do so as they get closer to wrapping up the GRTC audit.

9. Adjournment:

Mr. Cobb adjourned the meeting at 1:36 p.m.