



**AUDIT COMMITTEE ANNUAL REPORT
For Fiscal Year Ending June 30, 2023**

September 6, 2023

The Audit Committee is one of six (6) permanent committees of the City Council. It serves in an advisory role to Council and appointed officers on matters related to the City’s financial records and activities affecting the financial records. The Committee meets quarterly and at the request of any member.

Committee Member	9/07/22	12/19/22		
Joe Cobb, Chair	√	√		
Trish White-Boyd, Vice-Chair	√			
Bill Bestpitch, Member (CY22)	√	√		
Mayor Lea, Ex-Officio	√			
Committee Member			4/13/23	6/07/23
Trish White-Boyd, Chair			√	√
Joe Cobb, Vice-Chair			√	√
Luke Priddy, Member			√	√
Mayor Lea, Ex-Officio			√	√

The Audit Committee oversees the City and Pension Plan annual financial statement audits, as well as the Municipal Auditing Department’s budget and work plan. It also reviews all audit reports and updates, which for the year ending June 30, 2023 included:

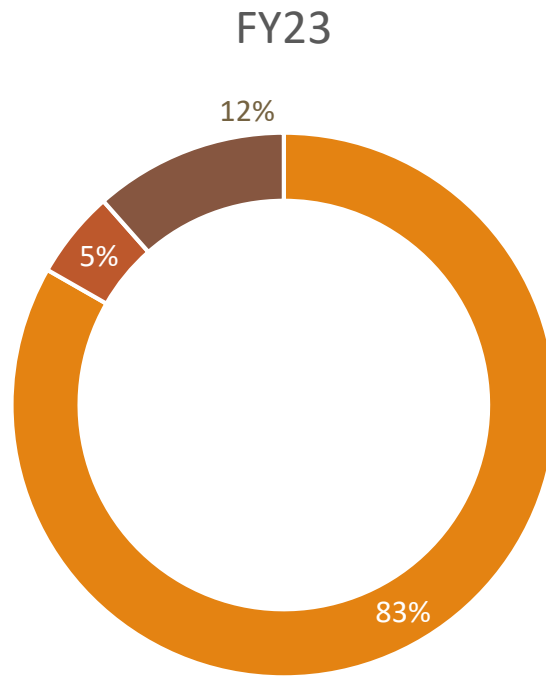
- City Council Expenditures – FY22
- Investigation of Allowable Costs GVPC
- Police Cash and Fees – FY22
- APA Audit of Collections – FY22
- Annual Simplified Comparative 2022
- Economic Development Follow Up
- Clerk of the Circuit Court – 3/31/22
- Tax & Treasury System Implementation
- Annual Financial Report – FY22
- Gun Violence Prevention Commission

Municipal Auditing’s Annual Report for the year ending June 30, 2023 is attached. Meeting minutes, audit reports and updates are available online through the City’s website at www.roanokeva.gov/auditing.

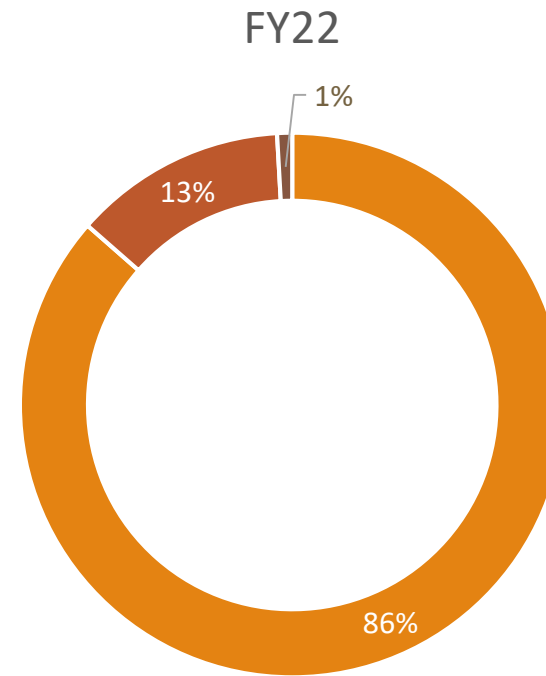
ANNUAL REPORT FY23

MUNICIPAL AUDITING DEPARTMENT

ACTIVITY BY ENTITY

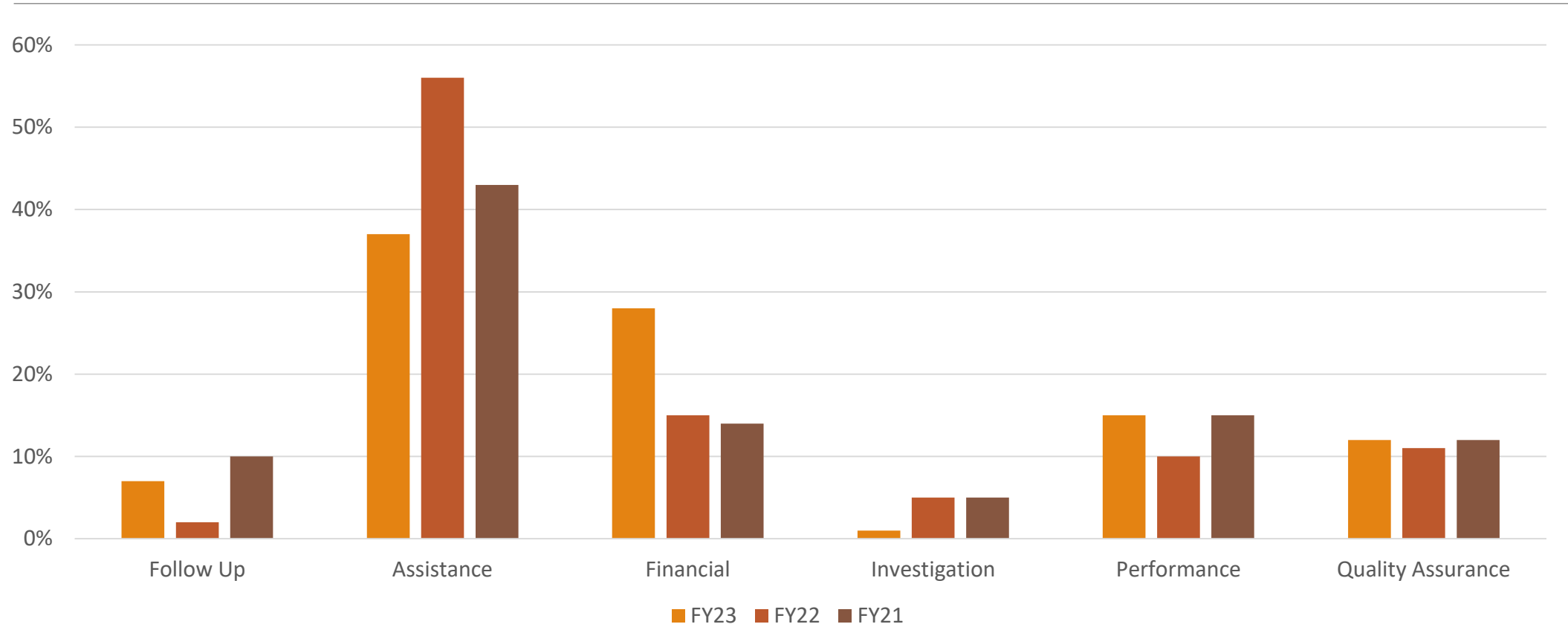


■ CITY ■ RCPS ■ GRTC

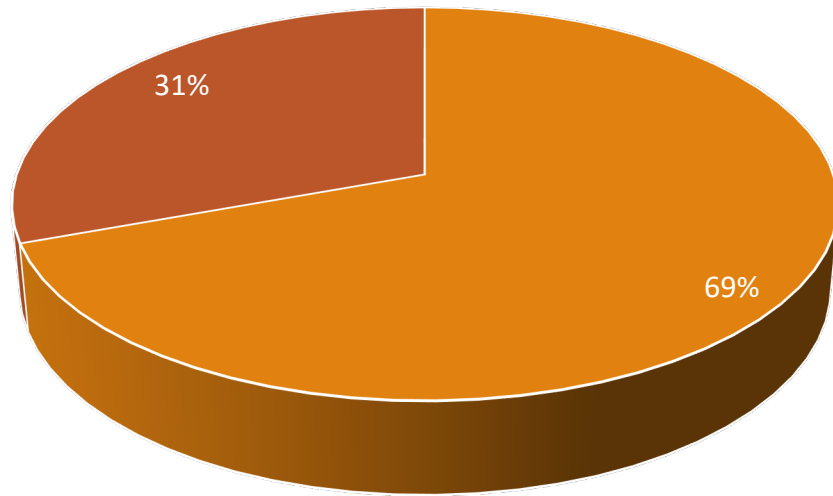


■ CITY ■ RCPS ■ GRTC

ACTIVITY TYPE



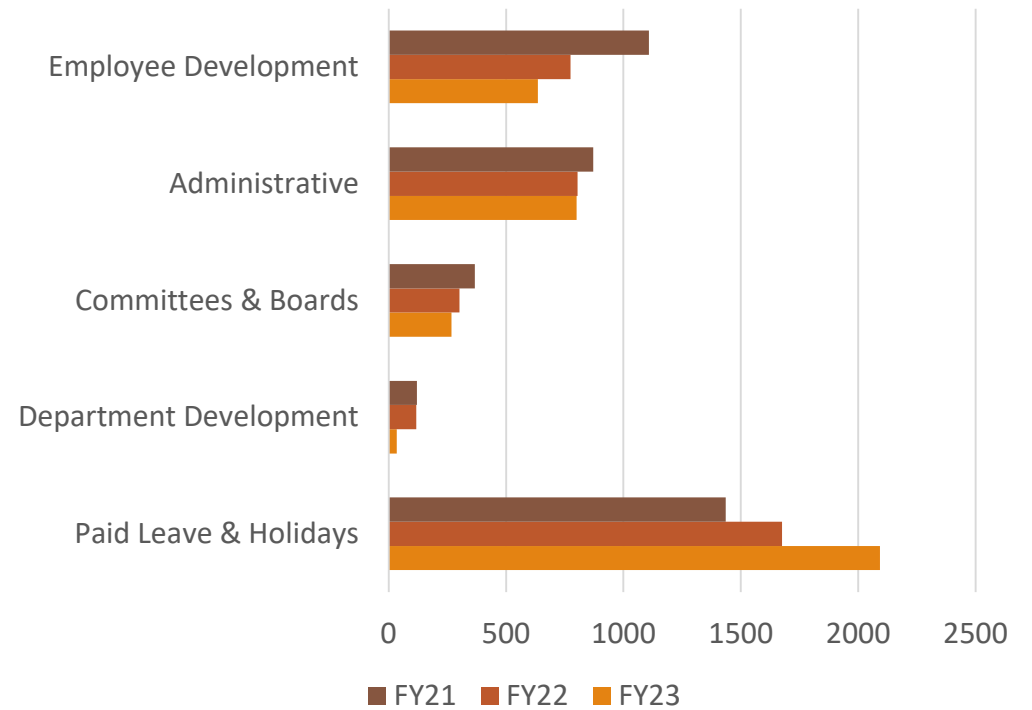
DIRECT AND INDIRECT TIME



Benchmark = 68% Direct Time

■ Direct ■ Indirect

Indirect Hours



DEPARTMENT PERFORMANCE MEASURES

Offer	Measure	Target	Actual
External Audit	Auditor’s Opinions Issued by State Deadline	12/15/22	3/29/23
Internal Audits	Assignments Completed per Full Time Equivalent *	8.00	4.89
Internal Audits	% of Audit Findings Successfully Resolved	80%	60%
Hotline	% of Hotline Reports Investigated and Resolved in 30 Days	100%	40%

** 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 (~ 3,000 in FY23). The # of full time equivalents was proportionately adjusted for staff hours on the PCI project, staff vacancies and FMLA.*

PERFORMANCE AUDITS

Title	Direct Hours	Report Date	Objectives
School Capital Improvements Planning	565	11/02/22	<p>Is the condition of each major capital asset consistently evaluated and documented annually? Yes with Qualifications – Heating, Ventilation and Air Conditioning (HVAC), Playgrounds, Athletic Facilities, Paving and Roofing at each school facility were itemized and rated as to current condition on a series of spreadsheets. Management and staff have been developing these spreadsheets over the last 18 months; some data, such as year of installation, could not be determined for all assets. The Physical Plants Department is evaluating asset management systems that can provide a more complete inventory of assets and related data such as warranty periods and work order history.</p> <p>Are enrollment capacities for each school consistently and accurately determined based on current Virginia Uniform Building Code and Virginia Department of Education (VDOE) guidelines? No – Management had architects recalculate both constructed and useable capacities over the summer of 2022. The capacities changed significantly from those historically reported in the Annual Comprehensive Financial Reports. After additional consultation with the VDOE during the audit, management will be computing useable capacities based on the number of classrooms, input from Principals on how spaces are utilized, and pupil-to-teacher ratios allowed under Virginia’s Standards of Quality.</p> <p>Do Principals and site-based staff provide input on how existing space could be renovated / reconfigured to more effectively and efficiently support instructional needs? Yes – Principals have sufficient opportunities to communicate existing space, building, and capacity needs to decision makers for capital improvement planning.</p>

PERFORMANCE AUDITS (CONTINUED)

Title	Direct Hours	Report Date	Objectives
Gun violence Prevention Commission	731	6/13/23	<p>Was the Gun Violence Prevention Commission authorized by City Council to expend funds? Yes with Qualifications – Council approved recommendations from an advisory panel allocating no less than \$10M of ARPA funds for resiliency investments, which included violence interruption initiatives. Management allocated ~ \$1.1M of these funds for the work of the Commission. Council also approved DCJS grants totaling \$525K for use by the Commission, as well as one-time, non-capitalizable funds in the 2021 and 2022 capital improvement budgets from which management allocated \$75,000 each year for the work of the Commission.</p> <p>Is there a process for requesting funds from the Gun Violence Prevention Commission and has it been consistently applied by the City? Yes with Qualifications – There was an application process in 2021 and 2022. Some organizations were invited to meetings to propose programs outside of the open application process.</p> <p>Are there processes for evaluating funding requests and awarding grants, and have they been consistently followed? Yes with Qualifications – All organizations that received funding as a subrecipient completed an application, with the exception of Better Agreements, Inc. All applications that were filed by the deadline were given to the Commission for evaluation. Evaluations of the 2022 applications were not documented. More detailed criteria and scoring are needed, as well as a better process for addressing conflicts of interest.</p>

PERFORMANCE AUDITS (CONTINUED)

Title	Objectives
Gun violence Prevention Commission	<p>Are there properly executed agreements or contracts for every disbursement made to support the work of the Gun Violence Prevention Commission? Yes with Qualifications – Properly executed agreements were on file. The City did not obtain certificates of insurance that were required by the agreements. Management did not verify that contracted services that were paid for were in fact received in two cases. Payments that benefited businesses or associates of a commission member were noted.</p> <p>Are there processes in place to monitor subrecipient performance and compliance with signed agreements and have they been consistently applied? No – The employee monitoring compliance has no formal process for evaluating performance and compliance. There were no records of any detailed reviews having been performed. Twenty-five (25) of 54 (46%) required quarterly performance reports were not received. Several annual / closeout reports were missing required financial information, performance data, stories / testimonials, and pictures. Nine (9) of 25 annual and closeout reports (36%) were submitted after the due date, with six (6) more than a month late. Without records from subrecipients showing payroll and vendor expenditures, receipts and invoices, etc., the City was unable to effectively determine if funds were spent for the purposes approved by the Commission or as reported to City Management. Subrecipients proposed their own performance indicators, which were often difficult to evaluate in terms of outcomes and impacts. This also made it difficult to compare the effectiveness of programs.</p>

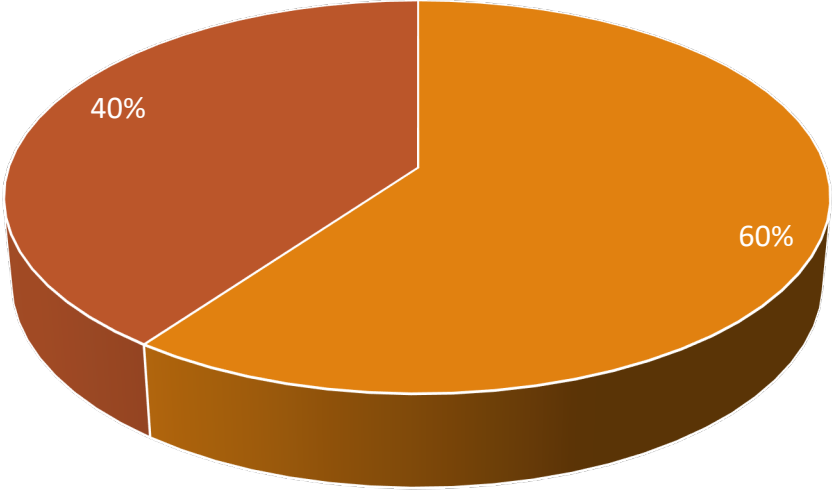
FINANCIAL RELATED & ADVISORY ASSIGNMENTS

FINANCIAL	
- Clerk of Circuit Court	- City Council Expenditures
- Police Cash & Fees	- Annual Simplified Comparative
- External Audit Coordination	- GRTC Financial Reporting

ADVISORY	
- LEAN Committee	- Revenue Committee
- Information Technology Committee	- Chart of Accounts
- Inmate Phone Commissions	- Time Reporting (Public Safety)
- Petty Cash Procedures	- Plastic Bag Tax Expenditures
- Grant Accounting	- Financial System Specifications
- Council Travel Policy	- Off Duty Billings
- School Admissions Tax	- PCI Implementation

FOLLOW UP AUDITS

AREA	ACTIONS	RESOLVED	REVISIT
Economic Development	4	2	2
Schools Accounts Payable	1	1	0
Total:	5	3	2



■ Resolved ■ Revisit

INVESTIGATIONS

File #	Concern	Conclusion
23-301	Concerns did not involve potential fraud, waste or abuse and were instead about employee competency and soundness of operational processes. The area will be scheduled for a performance audit in the next one to two years, as resources become available.	Referred (to a future audit plan)
23-302	Wide ranging concerns involving financial and operational compliance. Some of the issues were in fact compliant with applicable laws and regulations, some we referred to our external auditors and other appropriate departments. Remaining issues will be investigated once we have staff available.	Pending
23-303	Allegations that a citizen was inappropriately receiving supplemental nutrition assistance program (SNAP) benefits. We referred this to the fraud investigators in the City's Health and Human Services Department.	Referred
23-304	Allegation that an employer who participates in the City's retirement plan did not approve changes to the plan and did not place him in the proper plan. We determined that he was placed in the appropriate plan based on applicable laws and regulations.	Unsubstantiated
23-305	Allegations that benefits were not adequately explained to two beneficiaries of an employer who participates in the City's Retirement plan, and that benefits were not appropriately credited to their accounts. We determined that the two beneficiaries contributions were correctly accounted for and that they were provided appropriate and accurate information about their benefits and options.	Unsubstantiated

AUDITING STAFF (6/30/23)

Cari Spichek - Senior Auditor

- BS – Accounting
- Certified Internal Auditor (CIA)
- Department Tenure – 8 Years

Camille Lamour – Senior Auditor

- BS – Public Administration
- Department Tenure – 1 Year

Dorothy Hoskins – Senior Auditor

- BA – Finance
- Certified Fraud Examiner (CFE)
- Department Tenure – 3 Years

Tasha Burkett – Information Systems Auditor

- BA – Accounting
- Certified Information Systems Auditor (CISA)
- Department Tenure – 9 Years

Dawn Mullins – Assistant Municipal Auditor

- BBA – Accounting
- Certified Public Accountant (CPA)
- Department Tenure – 16 Years

Drew Harmon – Municipal Auditor

- BS – Accounting
- Certified Internal Auditor (CIA), Certified Public Accountant (CPA)
- Department Tenure – 25 Years

Municipal Auditing Department Contact Information:

Website: www.roanokeva.gov/auditing

Email: auditor@roanokeva.gov

Phone: 540-853-2644

Office: 215 Church Avenue SW, Rm 502 N.
Roanoke, VA 24011

Hotline: www.lighthouse-services.com/roanokeva or 1.844.440.0088