



AUDIT COMMITTEE ANNUAL REPORT For Fiscal Year Ending June 30, 2020

September 2, 2020

The Audit Committee is one of three 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. Meetings are typically held quarterly and at the request of any member:

Committee Member	9/4/19	12/16/19	3/4/20	6/3/20
Anita Price, Chair	√	√	√	(1)
Bill Bestpitch, Vice-Chair	√	(2)	(2)	(1)
Michelle Davis, Member	X	√	√	(1)
Mayor Lea, Ex-Officio	X	X	X	(1)
Joe Cobb, Vice-Chair	(3)	√	√	(1)

- (1) June meeting cancelled due to public health risks of COVID-19 pandemic
- (2) Mr. Bestpitch resigned from the committee on December 2, 2019
- (3) Vice Mayor Cobb attended December meeting; officially appointed on January 6, 2020

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, 2020, included:

• City Council Expenditures – FY19	• CAFR Opinions – FY19
• Police Cash and Fees – CY18	• APA Audit of Commonwealth Collections
• Annual Simplified Comparative 2019	• Investigation – Family Services
• Clerk of the Circuit Court – CY18	• Investigation – Parking Key Deposits
• Economic Development	• Investigation – Adult Services
• Revenue Analysis	• Investigation – Parks & Recreation
• PCI Implementation (Revenue System)	• Investigation – Right of Way Mowing
• General Audit Plan for FY19 CAFR	• Investigation – Vendor Provided Meal

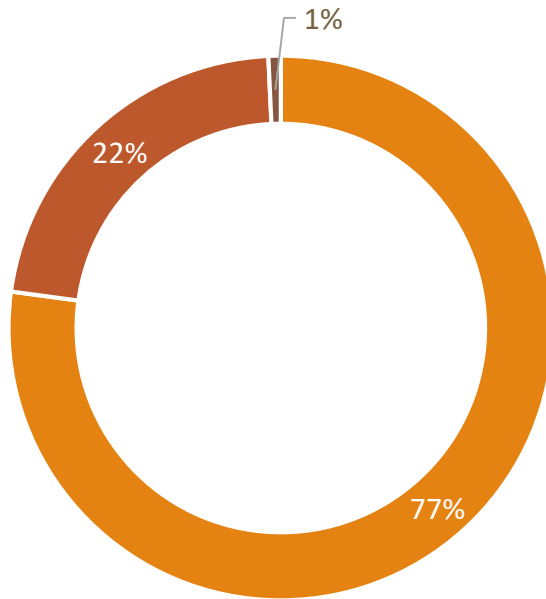
Municipal Auditing's Annual Report for the year ending June 30, 2020, is attached. Meeting minutes, audit reports and updates are available online through the City's website at www.roanokeva.gov/auditing.

ANNUAL REPORT FY2020

MUNICIPAL AUDITING DEPARTMENT

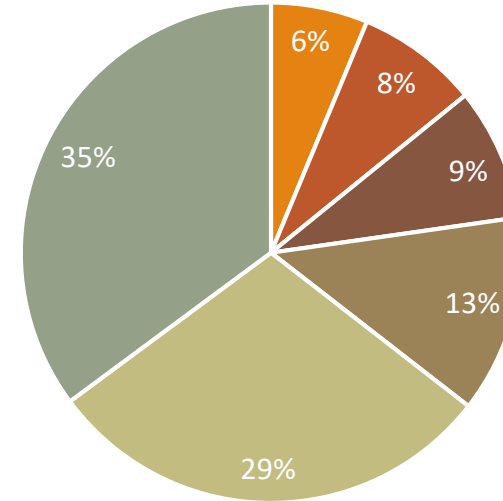
ACTIVITY

BY ENTITY



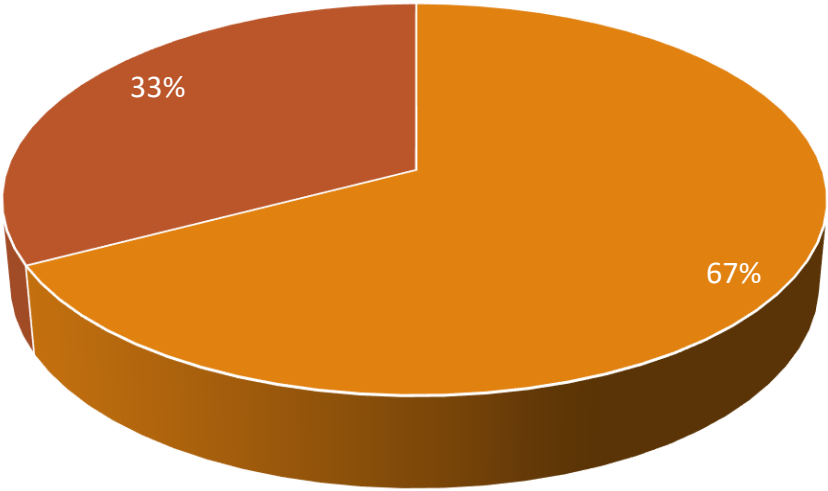
■ CITY ■ RCPS ■ GRTC

BY SERVICE



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

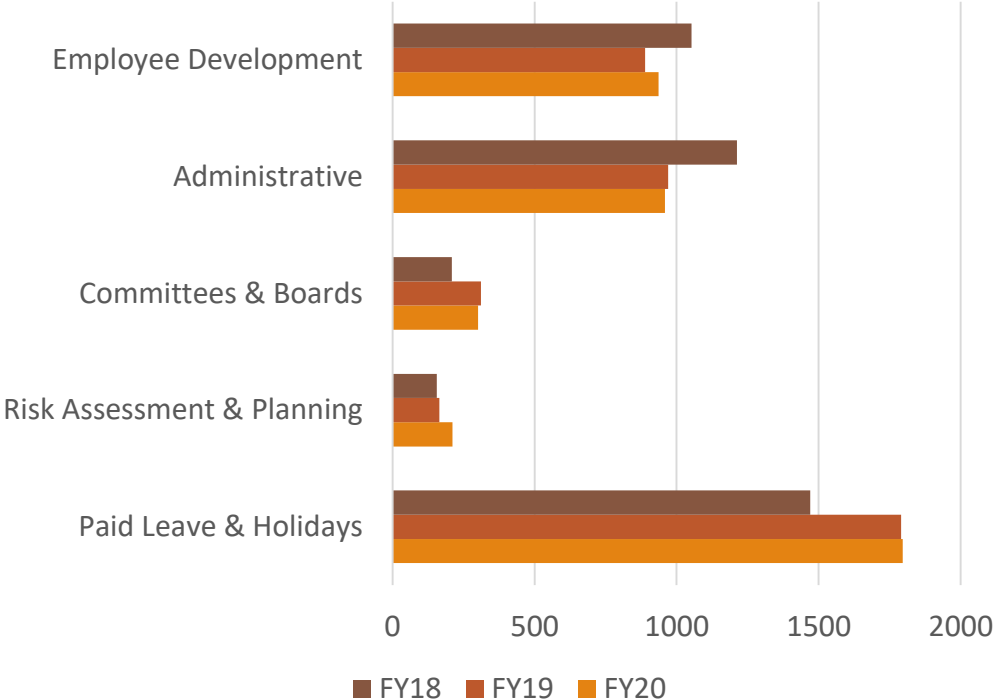
DIRECT AND INDIRECT TIME



Benchmark = 68% Direct Time

■ Direct ■ Indirect

Indirect Hours



PERFORMANCE AUDITS

Title	Direct Hours	Report Date	Objectives
On-Street Parking	675	6/16/20	<p>Are citation voids, adjustments and appeals granted equitably, and are they accurately reported to city management? Yes with Qualifications</p> <p>Are warnings issued for first time violations in accordance with city code? No</p> <p>Are all regulated parking zones and meters regularly monitored to promote frequent space turnover? Unable to Determine</p>
Building Inspections	516	6/25/20	<p>Are plan reviews performed in accordance with quality and timeliness standards?</p> <p>Are building inspections performed appropriately by credentialed personnel in a timely manner?</p> <p>Results pending final discussions with management and public release of report</p>
RCPS Data & Analysis (SOL Testing)	463	3/27/20	<p>Were students properly registered in the state system for SOL tests? Yes</p> <p>Were students properly classified and provided appropriate accommodations for SOL tests? Yes with Qualifications</p> <p>Did employees have appropriate system access rights based on their assigned responsibilities? Yes with Qualifications</p>

PERFORMANCE AUDITS (CONTINUED)

Title	Direct Hours	Report Date	Objectives
Career and Technical Education	305	12/18/19	<p>Did the Roanoke Technical Education Center (ROTEC) accurately report performance data to the Virginia Department of Education? No</p> <p>Were students and families informed of in-demand programs and career training available at ROTEC? Yes with Qualifications</p>
Economic Development – Business Retention	215	12/17/19	<p>Does the Economic Development department effectively gather and communicate business intelligence that helps support the City’s business retention efforts? No</p>

FINANCIAL RELATED & ADVISORY ASSIGNMENTS

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

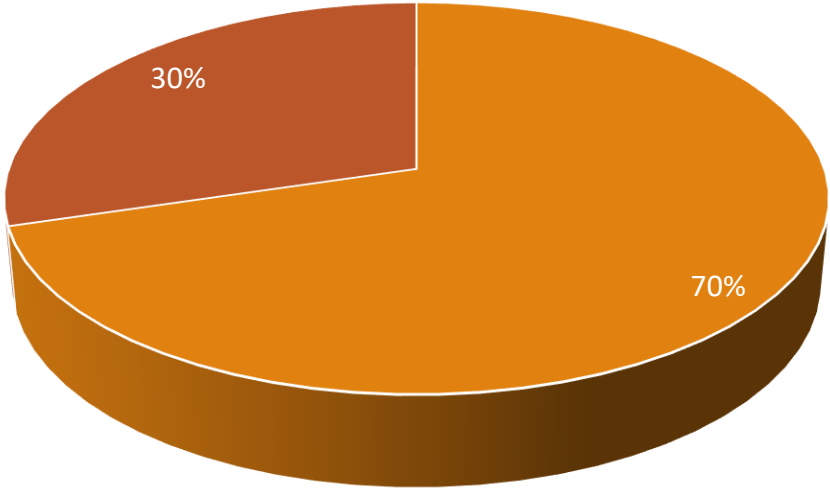
ADVISORY	
- LEAN Committee	- Revenue Committee
- Information Technology Committee	- RCPS Auditor Selection Committee
- Adult Services Contracts	- Debt
- Economic Development Authority	- Workforce Development
- Police Off Duty Program	- Purchasing Thresholds
- Sheriff Civil Accounts	- GRTC Grants
- GRTC Auditor Selection Committee	

PCI IMPLEMENTATION

Municipal Auditing Role:	Project Management
Departments Involved:	<ul style="list-style-type: none"> ▪ Treasurer ▪ Commissioner of the Revenue ▪ Technology ▪ Finance ▪ Real Estate Valuation ▪ City Attorney
New Systems:	<ul style="list-style-type: none"> ▪ MyRevenueSystem [includes] <ul style="list-style-type: none"> ▫ Revenue Billing System [RBS] ▫ Revenue Cashiering System [RCS] ▪ Sturgis Web Services
Legacy Systems Being Replaced:	<ul style="list-style-type: none"> ▪ Aumentum [Real Estate & Cashiering] ▪ Personal Property ▪ Delinquent Collections ▪ Short-term Rental ▪ Business Tax ▪ Business License ▪ State Tax ▪ Advantage [Nuisance Abatements]
Ongoing Project Tasks:	<ul style="list-style-type: none"> ▪ Configuration ▪ Conversions ▪ Interfaces ▪ Reporting ▪ Testing ▪ Online Portal ▪ Training ▪ Process Development
Tentative Go-live Date:	November 23, 2020

FOLLOW UP AUDITS

AREA	ACTIONS	RESOLVED	REVISIT
Special Education	7	7	0
Substitutes	3	3	0
RCPS Purchasing	7	5	2
Student Transportation	5	3	2
RCPS Fixed Assets	5	1	4
Total:	27	19	8



■ Resolved ■ Revisit

INVESTIGATIONS

File #	Concern	Conclusion
20-301	Alleged city employees were spraying weeds on privately owned commercial property. The reporter did not provide the location of the properties or trade names under which the properties were titled. The reporter did not respond to follow up questions that would enable an investigation.	Unsubstantiated
20-302	Alleged that Park Roanoke was not refunding key deposits to customers on a timely basis and was concerned that had he not been persistent, his deposit would not have been returned.	Substantiated See Audit Report Dated 11/6/19
20-303	Alleged client was receiving Medicaid, Food Stamps, and other public benefits based on fraudulent applications. This report was referred to investigators with Roanoke City's Department of Social Services.	Referred

INVESTIGATIONS (CONTINUED)

File #	Concern	Conclusion
20-304 / 20-310	<p>Concerned citizen reported that Solid Waste drivers were being paid for time not worked. This was the 3rd such report to the hotline since 2018.</p> <p>Drivers are scheduled to work 10 hours per day, Monday through Thursday. Drivers are released once all routes for the day are completed and all paper work filed. Based on a defined work week starting Tuesday and ending the following Monday, drivers are credited “early release” hours if actual time worked falls short of 40 hours. Management reported that early release hours for CY19 averaged 9.92 hours per driver per month. The high month was 15 hours and the low month was 3 hours. Management plans to review staffing and routes once the impacts of COVID 19 abate and a new manager is in place.</p> <p>We concluded that the utilization of early release time is a reasonable approach to managing fluctuations in available staff and volumes of waste. We chose not to perform additional analysis given the state of emergency in place at the time. The Solid Waste Division will be included in a future audit plan.</p>	Unsubstantiated

INVESTIGATIONS (CONTINUED)

File #	Concern	Conclusion
20-305	Expressed concerns that management assigned responsibilities to an employee that were not consistent with the employee’s position and without providing training or guidance. Concerned that this action adversely impacted the employee and the functioning of the department. We advised the employee to review POP 10 “Disciplinary Action” and to contact HR. No follow up comments were received.	Referred
20-306	Alleged that an employee acted unethically, using her city position to strengthen her credibility when making false allegations against another person. This complaint had also been filed with the Department Director, the Human Resources Department, and a State agency. Management had investigated the issue and found no evidence to support the allegations.	Referred
20-307	Alleged violation of the city’s policy against consuming alcohol on city property. Due to elapsed time, this issue was closed and an investigation was not undertaken.	Other
20-308	Alleged wasteful spending and mistakes that prevented the city from claiming reimbursement under the Children’s Services Act (CSA). Given the complexity of the CSA program and the general nature of the concern, an audit will be performed at some future date in lieu of an investigation.	Other

INVESTIGATIONS (CONTINUED)

File #	Concern	Conclusion
20-309	Alleged that gender and ethnicity were used as criteria for screening candidates for an open executive position in the School division. We referred this issue to the School Board Attorney, who in consultation with the School Audit Committee Chair and School Board Chair, engaged Gentry Locke Attorneys to investigate. Gentry Locke found no evidence to support the allegation.	Referred
20-311	Citizen reported concern about a phishing scam; referred to the Chief of Police.	Referred
20-312	Employees filed two (2) reports with the hotline concerned about a city employee asking them to sign a petition to place someone on the ballot for City Council. This activity was taking place during work hours in the Municipal Building, which is in violation of Personnel Operating Procedure #9 “Prohibited Practices.” Management was aware of the issue and confirmed appropriate actions were taken to prevent further occurrences and ensure future compliance with POP #9.	Substantiated

AUDITING STAFF

Cari Spichek - Senior Auditor

- BS – Accounting
- Certified Internal Auditor (CIA)
- Tenure - 5.2 Years

Emma Coole – Senior Auditor

- MS – Accounting
- Certified Public Accountant (CPA), Certified Fraud Examiner (CFE)
- Tenure - 2.75 Years (Resigned 6/12/20)

Brian Pendleton – Senior Auditor

- MS – Accounting
- Certified Public Accountant (CPA)
- Tenure - 2.1 Years

Tasha Burkett – Information Systems Auditor

- BA – Accounting
- Certified Information Systems Auditor (CISA)
- Tenure - 6.7 Years

Dawn Mullins – Assistant Municipal Auditor

- BBA – Accounting
- Certified Public Accountant (CPA)
- Tenure - 13.25 Years

Drew Harmon – Municipal Auditor

- BS – Accounting
- Certified Internal Auditor (CIA), Certified Public Accountant (CPA)
- Tenure – 22.5 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