

AUDIT SERVICES OVERSIGHT COMMITTEE
Monday, April 26, 2021
Virtual Meeting via Zoom 3:30 P.M.

The Audit Services Oversight Committee met at the above date and time with the following members present: Chair-Maticia Sims and Vice Chair-Nicholas Long, Shanell Frazer, Mayor Pro Tempore Jillian Johnson.

Also present: City Manager Wanda Page, and Interim Deputy City Manager Bertha Johnson (Budget and Management Services Director); Finance Director David Boyd; Emily Desiderio, Assistant Director, Finance Department; Constance Stancil, Director, Neighborhood Improvement Services, Faith Gardner, Assistant Director, Neighborhood Improvement Services, Gary Richards, Neighborhood Improvement Services; Christina Riordan- Budget and Management Services Department; Director of Audit Services Dr. Germaine Brewington and the Audit Services Department Staff.

Not present: Deputy City Manager Keith Chadwell, Deputy City Manager Bo Ferguson, Mayor Steve Schewel (excused absence).

The Chair, Maticia Sims, called the meeting to order at 3:30 p.m.

SUBJECT: APPROVAL OF MINUTES – FEBRUARY 22, 2021

Motion was made and it was properly seconded to approve the minutes of the February 22, 2021 Audit Services Oversight Committee meeting with the correction that Councilman Reece be changed to “in attendance” in the absence of Mayor Pro Tempore Jillian Johnson.

The motion passed unanimously.

SUBJECT: ADJUSTMENTS TO AGENDA

The May meeting will be cancelled as per the approved schedule and the Members were reminded of the change in date for the June meeting-last meeting of the fiscal year from the fourth Monday to the second Monday (June 14, 2021) to accommodate the City Council summer schedule.

There were no adjustments to the agenda.

A motion was made and it was properly seconded to approve the excused absence for Mayor Schewel.

SUBJECT: NIS LIEN PROCESS PERFORMANCE AUDIT DATED APRIL 2021

Dr. Brewington, Director, gave a PowerPoint presentation. She stated that this audit report was important because an effective internal control environment ensures abatement occurs and liens

are levied for nuisance situations that are dangerous or prejudicial to the public health or public safety; and that the City recovers its funds spent on these activities.

The nine steps of the lien process were described to undergird the statement by Audit staff that based on testing, the lien process appeared to be functioning as designed. The processes of billing for the work of the Impact Team, the placing of liens and the cancelling of liens for payments made were taking place.

Corrective actions in both the lien process and the foreclosure process were identified to enhance both activities. The primary concerns in the lien process were: 1) the existence of a key employee dependency; 2) a lack of documented procedures for that key employee position; and 3) a lack of documented oversight over the reconciliation of work performed to work billed, liens placed and liens cancelled. Dr. Brewington also discussed the other side of this process which is the foreclosure process. The primary concerns in the foreclosure process were: 1) the lack of cross training for a key position and lack of procedures to assist replacement staff in efficiently carrying out that function; 2) the lack of a formal comprehensive policy outlining roles and responsibilities of Finance staff and NIS staff in the lien and foreclosure processes; and 3) the failure to timely identify liens for foreclosure within the 10-year statute of limitations window.

Recommendation 1

The Neighborhood Improvement Services Department staff should develop standard operating procedures over the Lien Process. They should increase monitoring oversight over this process by regularly reviewing the reconciliations performed by staff. Department management should also consider training another employee who can act as a backup in case of an emergency.

Value Added: *Risk Reduction; Compliance Management concurs.*

Recommendation 2

The Finance Department staff should finalize the Foreclosure Draft Policy and address the following aspects before finalizing:

- Roles and responsibilities of Neighborhood Improvement Services department staff under the new process;
- Intangible criteria that might be used for assessing properties for foreclosure and who will approve use of intangible criteria;
- Who will approve the properties sent for foreclosure;
- Will the write-off procedure change as well given at present NIS staff submit a list for write-off to Finance Department Staff; and
- Who on the Finance staff will be responsible for monitoring the Foreclosure process.

The roles and responsibilities should be clearly communicated to the Neighborhood Improvement Services staff.

Value Added: *Risk Reduction; Compliance*
Management concurs.

Questions/Comments:

Questions by ASOC members:

Madame Chair-Maticia Sims: Given the key employee dependency in NIS, is there not more that can be done other than simply developing SOPS around the position? Can the Human Resources Department examine this issue across the City to help the departments proactively address this issue?

Dr. Brewington stated that the departments are responsible for managing the staffing in the departments.

Madame Manager Page stated that the role of the Human Resources (HR) Department staff is to provide advice and serve primarily in a consulting role to the departments. Madame Manager noted that the HR Department is only 20 employees strong and it would be onerous for them to manage the training for each department's employee positions. She stated that the departments are responsible for ensuring staff are trained to ensure the continuity of services.

Madame Chair also asked why TBD (to be determined) was included in the response from the Finance Department regarding the policy for the foreclosure process; as opposed to a definite implementation date. Emily Desiderio, Assistant Director for the Finance Department stated that it was not clear when the lift of the directive from the City Manager's Office to suspend the foreclosure efforts during the pandemic would occur. She stated that as soon as that direction is received from the City Manager's Office, the list of properties already identified and scheduled would be forwarded to the external attorney.

Nick Long commented that the audit clearly and thoroughly described the process and thanked the staff for doing a great job to help him understand this process.

Madame Chair asked if a Nominating Committee would be selected and would they meet to select officers for FY22, before the next meeting. Dr. Brewington stated that she would set the meeting time 30 minutes prior to the regular meeting as in the past to allow the Nominating Committee to meet and select new officers. Dr. Brewington stated that she would contact them in the next couple of weeks to confirm who would be on the Nominating Committee and share that information with all of the Committee members.

SUBJECT: DISCUSSION OF INPUT/OUTREACH FOR FY22 ANNUAL AUDIT PLAN

Questions/Comments:

Dr. Brewington stated that the Audit staff would be having a special meeting with directors to solicit input for the FY22 plan. She stated that five of the 10 engagements on the FY21 Annual Audit Plan came from ideas submitted by directors. She stressed the value-add of that input from staff that are closest to the processes. Dr. Brewington also added that the final Annual Audit Plan Proposal would be sent to the Committee members around May 12th for their perusal to give the Committee members a chance to ask questions about any of the suggested topics. A full discussion is expected at the June meeting with the hope that a Plan is approved at the June meeting.

SUBJECT: FY21-THIRD QUARTER FWA REPORT AND AUDIT RECOMMENDATIONS FOLLOW-UP REPORT

Dredlin Rodriguez, Senior Internal Auditor presented the results of the Third Quarter FWA Status and the Third Quarter Audit Recommendations Follow-Up Status Report. Dredlin stressed the great effort of the Purchasing Division staff of the Finance Department to complete all five of the recommendations for the Procurement Card Performance Audit that was just presented at the February, 2021 meeting.

Questions/Comments:

Mayor Pro Tem Johnson asked if we could speculate on the drop in FWA cases; any sense of what is driving that? Dredlin stated that Audit staff believe that part of the drop has to do with COVID to some degree and the different kind of interactions there are between City staff. Dredlin stated that other jurisdictions Audit staff have spoken with as late as the week of April 19th stated that they are also experiencing a drop in reported FWA activity. Dr. Brewington stated that the staff have noticed a decline in relevant activity (FWA) and that steps have been considered to reinforce to City employees in the current environment that it is still each person's responsibility to ensure the ethical culture of the City and to say something if they see something.

There was no further discussion on the second quarter FWA report.

Dr. Brewington thanked the staff for their hard work and reminded the members that the next meeting will be on June 14th.

Chair Maticia Sims adjourned the meeting at 4:25 p.m.

Respectfully submitted,

Dr. Germaine F. Brewington