

**AUDIT SERVICES OVERSIGHT COMMITTEE**  
**Monday, June 14, 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 Schewel and Council Member Reece.

Also present: City Manager Wanda S. Page, City Manager; Bo Ferguson, Deputy City Manager; Bertha T. Johnson (Budget and Management Services Director), Interim Deputy City Manager; Finance Director David Boyd; Emily Desiderio, Assistant Director, Finance Department; Jina Propst, Director, Department of General Services; Kevin Lilley, Assistant Director, Department of General Services; Al Walker, Facilities Operations Manager, Department of General Services; Christina Riordan, Budget and Management Services Department, Acting Assistance Director; Director of Audit Services Dr. Germaine F. Brewington and the Audit Services Department Staff.

Not present: Mayor Pro Tem Jillian Johnson.

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

**SUBJECT: APPROVAL OF MINUTES – APRIL 26, 2021**

**Motion** was made and it was properly seconded to approve the minutes of the April 26, 2021 Audit Services Oversight Committee meeting.

The motion passed unanimously.

**SUBJECT: ADJUSTMENTS TO AGENDA**

The first adjustment to the agenda was made by Madame Chair Sims. She noted that the results of the Nominating Committee would be shared under Other Business. The second agenda adjustment was requested by Dr. Brewington. Dr. Brewington asked to share a few comments about the service of Madame Chair, since this would be her last meeting (after service since May, 2010).

**Motions** were made and properly seconded to approve the excused absence for Mayor Pro Tem Johnson as well as approve the adjustments to the agenda.

**SUBJECT: APPROVAL OF THE FISCAL YEAR 22 ANNUAL AUDIT PLAN**

Dr. Brewington discussed the thirteen audit topics proposed on the FY22 Annual Audit Plan. Dr. Brewington explained the process, including the Jamboard tool used to obtain 26 potential topics that were analyzed in the risk assessment process. Dr. Brewington shared that six of the engagements on the FY22 Plan were topics provided by her colleagues.

**Motion** was made and properly seconded to approve the FY22 Annual Audit Plan.

**SUBJECT: CEMETERY OPERATIONS PERFORMANCE AUDIT DATED JUNE 2021**

Director Brewington gave a PowerPoint presentation. She stated that this audit report was important because an effective internal control environment for the City's cemetery operations ensures risk of cash receipts being misappropriated without detection is mitigated; and ensures accurate records exist for the burial and cremation services.

Dr. Brewington discussed the three objectives of the audit: reviewing the cemetery maintenance and burial services; reviewing the cemetery Revenue Collections Process; and reviewing the record keeping procedures and best practices. Dr. Brewington shared that standard operating procedures over the burial and maintenance functions were comprehensive but in draft form. She noted that the funeral home service providers often use Cemetery staff to compensate for their understaffing. Dr. Brewington noted that the draft SOPs for the burial and maintenance function address this issue and she fully expects that the staff will begin to notify the service providers that they will be billed in the future for additional services provided outside the scope of services agreed to. With regard to the funeral home service providers she stated that there is an inequity in the process because the service providers, unlike individuals, are not required to have accounts paid in full for customers prior to the final services. She stated that controls over cash receipts at the Cemetery Division were weak and that the weak controls created an environment that presented an opportunity for fraud to occur. She specifically discussed the lack of: segregation of duties, lack of good cash handling practices and the lack of management oversight which contributed to this weak control environment. She shared that record keeping practices at the Cemetery Division need to be streamlined. Data resides in different sources/systems and there are no set guidelines that specify what information should be collected and recorded in the different record documents/systems. Cemetery Division staff use hand marked maps to determine which grave sites are still available. This manual process leaves room for error because the maps have not been updated; and duplication of plots has occurred. To help positively impact the cemetery operations, the General Services Department staff have entered into a contract to use Plotbox Cemetery Management software. Use of this software will streamline processes and facilitate better cemetery operations and records management. However, inaccurate information imported into the new system will restrict the efficiencies the City can gain from the new software. Emphasis should be placed on a data verification process to ensure data entered into Plotbox is accurate.

Audit Services staff noted violations of some Cemetery Regulations; but the administrative staff at the Cemetery Division is studying if those regulations should be enforced as they are or revised to coincide with current practices.

**Recommendation 1**

The General Services Department should develop written standard operating procedures over the Cemetery collections process. In addition, the Department management should address the lack of segregation of duties by enhancing monitoring activities over cash

collections. The monitoring activities could include: reconciliation of cash collected to cash deposited or performing a reasonableness test to determine if cash collected was deposited intact.

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

### **Recommendation 2**

The General Services Department should use pre-numbered sales agreements. In addition, the Department staff should evaluate the feasibility of using a check reader to process checks when they are received. They should also continue the practice of not accepting cash at the Cemetery locations.

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

### **Recommendation 3**

The General Services Department should fill the vacant position at the Cemetery Administration Office to help with the work load of the administration staff.

**Value Added:** *Risk Reduction*  
*Management concurs*

### **Recommendation 4**

The General Services Department staff should ensure that data imported into Plotbox is accurate. A sense of urgency exists that the verification process must be a primary focus of implementing Plotbox. All data must be transferred including data outside of the Nexus system. To effectuate an accurate transfer of data to the new Plotbox system, the verification process will be time-consuming. Due to current capacity constraints in the Cemetery Division, the Department should consider soliciting services of an external contractor to verify the accuracy of the data imported into Plotbox in a timely and efficient manner.

**Value Added:** *Risk Reduction*

### **Recommendation 5**

The General Services Department staff should organize all paper data sources (cards, deeds, register books, etc.) and ensure they are filed in a secure and organized manner. Guidelines should be established to outline the information that should be captured across the different data sources. The Department should also research the possibility of retaining paper records online.

**Value Added:** *Risk Reduction; Efficiency*

**Recommendation 6**

The General Services Department should either enforce the Ordinance as is or revise the Ordinance to accommodate current practices. General Services staff should collaborate with the Fire Department to use the existing Drone technology to efficiently maintain the cemetery grounds per the Ordinance.

**Value Added:** *Compliance; Efficiency*

**Recommendation 7**

The General Services Department should finalize the standard operating procedures over Burial Site Preparation, Service Support, and Closure.

**Value Added:** *Compliance*

**Recommendation 8**

The General Services Department staff should review billing and collections processes for funeral home providers to ensure equitable treatment for all customers.

**Value Added:** *Compliance*

**Questions/Comments:**

Questions by ASOC members:

Vice-Chair Nick Long: How do you (Director, Department of General Services) plan to get the records migrated to the new system given the limited human capacity in the Cemetery Division to carry out the current operations?

Director Jina Propst stated that she and her team are weighing the option of bringing in contractors to get the work done. Director Propst stated that the Division was reorganized and she thinks that change has benefitted the operations and is helping their productivity.

Mayor Schewel: What steps have the Department staff taken to start implementing these recommendations?

Director Propst stated that she is very appreciative of the audit because while they knew these issues existed, the audit will help them focus on correcting the key deficiencies outlined in the audit.

Mayor Schewel also asked Director Propst and City leadership if they would look into why he has to sign the deeds issued by the Cemetery Division.

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.

Council Member Reece stated that this report was one of the best he has read and wanted to commend Dr. Brewington and the Audit staff for a great report.

There was no further discussion on the audit report.

## **OTHER BUSINESS**

Madame Chair Sims stated that the Nominating Committee met at 3:00 p.m. prior to the regular meeting. The results of the sub-committee's business were that Nick Long was selected to serve in the role of Chairman for fiscal year 22 and that Shanell Frazer will serve in the capacity of Vice-Chair of the ASOC for fiscal year 22.

**Motion** was made and it was properly seconded to approve the new officers selected to the positions of Chairman and Vice-Chairman for fiscal year 22.

Dr. Brewington took a few minutes to thank Madame Chair Sims for her over a decade of public service to the City of Durham's independent audit committee. Dr. Brewington stated that Madame Chair made the Audit Department better, more prepared, more thoughtful. She stated that she learned a lot from Chair Sims. Dr. Brewington also thanked Madame Chair for her support over the years of the Audit staff.

Madame Chair thanked Dr. Brewington. She stated that the ASOC was the best Committee to serve on because you learn so much about how the City works. She stated that she has seen the Department evolve over the years and that she herself had gained a lot of knowledge from Dr. Brewington.

Dr. Brewington thanked the Committee members on behalf of herself and the Audit staff and reminded the members that the next meeting will be on August 23rd.

There was no further discussion.

Chair Maticia Sims adjourned the meeting at 4:35 p.m.

Respectfully submitted,

Dr. Germaine F. Brewington