

AUDIT SERVICES OVERSIGHT COMMITTEE
Monday, August 24, 2020
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 Steve Schewel, Mayor Pro Tempore Jillian Johnson.

Also present: Deputy City Managers Wanda Page & Keith Chadwell; Finance Director David Boyd; Director of Transportation Sean Eagan; Director of Fleet Management Joe Clark; Assistant Director of Fleet Management John Ferguson; Fleet Management staff: Kim Mitchell and Tina Cardin; Budget and Management Services staff Christina Riordan; Director of Water Management Don Greeley; Deputy Director of Water Management Vicki Westbrook; Utility Finance Manager Heidi Hackett; Water Management staff Kathy Compton and Pei Shaun Lin; Director of Audit Services Dr. Germaine Brewington and the Audit Services Department Staff.

The Chair, Maticia Sims, called the meeting to order at 3:31 PM.

SUBJECT: APPROVAL OF MINUTES – JUNE 15, 2020

Revision: Correct the Teams meeting notation [for the location] and change to Zoom meeting.

Motion was made with the one revision and it was properly seconded to approve the minutes of the June 15, 2020 Audit Services Oversight Committee meeting.

The motion passed unanimously.

Dr. Brewington with meeting announcement: Next Meeting is Sept 28th (4th Monday)

SUBJECT: ADJUSTMENTS TO AGENDA

There were no adjustments to the agenda.

SUBJECT: FUEL USAGE AUDIT

Dr. Brewington gave a PowerPoint presentation and stated that this audit report was important because strong financial management of fuel transactions is even more critical when local government budgets are stretched thin due to the unforeseen impact of Covid-19 expenditures. Tracking of information on fuel acquisitions and consumption can result in early detection of suspicious behavior and the mitigation of fuel theft. Her presentation included the background, scope, objectives, results and findings and recommendations for the Audit.

Recommendation 1

The Fleet Management Department staff should use training videos on safety fueling practices to educate employees authorized to fuel at the City fueling sites. Policy FLT 101-1 should require that departments use the Learning Management System to ensure that employees who are

authorized to access fuel in their respective departments take the necessary training provided by Fleet Management Department. Furthermore, staff should revise Policy FLT 101-1 to detail guidance on proper fueling practices regarding the use of canisters to transport fuel. They should also reinforce that the canisters should not be filled using the fuel keys assigned to City vehicles.

Management concurs fully with this recommendation.

Recommendation 2

The Fleet Management Department staff should enhance controls over fuel consumption by ensuring that:

- Staff reconcile the beginning fuel balance to purchases, consumption, and ending balance. The reconciliation should be performed by someone other than the Fuel Administrator;
- Someone in a management position, annually review the fuel transactions processed using the manual mode;
- Delivery receipts are consistently uploaded into MUNIS; and
- City departments that use fuel, review consumption data quarterly. Policy FLT 101-1 should be revised to include this requirement.

Management concurs fully with this recommendation.

Recommendation 3:

The Fleet Management Department staff should do a feasibility study to determine the cost-benefit of upgrading the Fuel Management system.

Management concurs fully with this recommendation.

Recommendation 4:

The Transportation Department should work with GoDurham staff to implement the following and ensure GoDurham staff:

- Review the list of authorized employees that can access fuel at the City fueling sites for service vehicles to ensure that employees only have access on a need to know basis. GoDurham staff should establish a process to notify Fleet Management staff of any employees that leave their organization so that access can be terminated appropriately;
- Annually review fuel transactions processed using the manual mode at the management level;
- Establish standard operating practices for the Fixed Route operation; and
- Place cameras at the fueling sites if feasible.

Management concurs fully with this recommendation.

Questions/Comments:

Nick Long asked a question regarding whether or not there had been any issues as a result of the Fleet Management Department not being notified of terminations of GoDurham staff with access to City fueling sites.

Dr. Brewington commented that the Audit staff could not test for that specifically because the data received from GoDurham was vehicle specific and not by employee. However, given that a person had to have a valid employee ID and a valid vehicle specific access key, the risk of fuel theft was low.

Mayor Steve Schewel commented that this kind of examination of controls was exactly why the City needed the Audit Department.

SUBJECT: WATER METER BILLING

Dr. Brewington gave a PowerPoint presentation and stated that this audit report was important to examine the adequacy of controls relative to the billing of water and sewer utilities. Weak controls which can lead to inaccurate water billing can damage the public trust, result in lost revenues, and increase the workload of staff. Accurate meter reading, which is just one sound control, is key to generating accurate billing to customers. Her presentation included the background, scope, objectives, results and findings and recommendations for the Audit.

Recommendation 1

The Department of Water Management staff should establish a formal monitoring process to review estimated accounts and the information should be shared with the Assistant Directors/designees in the Water and Sewer Maintenance (WSM) Division and Customer Billing Services (CBS) Division of the Department of Water Management as well as the Director.

Management concurs fully with this recommendation.

Recommendation 2

The Department of Water Management staff should ensure that the revised controls/processes over the Billing process remain effective by:

- Updating the standard operating procedures to reflect the current processes;
- Clearly defining and communicating roles and responsibilities to staff;
- Defining a review and documentation process to ensure all processes are being followed;
- Adequately training staff on their respective duties.

Management concurs fully with this recommendation.

Questions/Comments:

Shanell Frazer asked a question relative to where the estimated accounts were located in the City. Heidi Hackett responded that the accounts were for residences across all 16 districts of the City.

Don Greeley made a comment in the chat stating, “They were all over the city. After the July cycle we were down to only 854 meters that we were not able to read. Over the last year we have had to replace over 5,700 meters”.

Mayor Steve Schewel commented that this was an important issue to residents and he was glad to see the focus by DWM on resolving the issue.

Maticia Sims commented that the Audit staff did a great job on these two engagements and that she enjoyed being on this Committee because she always learned something from the audit reports.

SUBJECT: AUDIT RECOMMENDATION FOLLOW UP STATUS 4QFY20

Questions/Concerns: None

SUBJECT: 4Q FY20 FRAUD, WASTE AND ABUSE UPDATE

Eight (8) allegations came in this quarter and were resolved.

Questions/Concerns: None

Dr. Brewington thanked everyone for attending the meeting and reminded everyone about the next meeting.

The next virtual meeting is scheduled for September 28, 2020.

There being no further business, the meeting was adjourned at 4:29 p.m.

Respectfully submitted,

Jamie Tindal