

AUDIT SERVICES OVERSIGHT COMMITTEE
Monday, September 27, 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-Nick Long and Vice Chair-Shanell Frazer, Resident Member Matthew Ruterbories, Mayor Steve Schewel and Mayor Pro Tempore Jillian Johnson.

Also present: Wanda S. Page, City Manager, Bo Ferguson, Deputy City Manager; Bertha T. Johnson, Deputy City Manager, Keith Chadwell, Deputy City Manager, Reginald Johnson, Director, Community Development Department, Terri Holmes, Assistant Director, Community Development Department, Karen Lado, Assistant Director, Community Development Department, Dave Hickman, Assistant Director, Finance Department, Christina Riordan, Interim Assistant Director, Dr. Germaine F. Brewington, Director, Audit Services Department, the Audit Services Department Staff, and other Guests.

The Chair, Nick Long, called the meeting to order at 3:30 p.m.

SUBJECT: APPROVAL OF MINUTES – SEPTEMBER 27, 2021

Motion was made and it was properly seconded to approve the minutes of the September 27, 2021 Audit Services Oversight Committee meeting.

The motion passed unanimously.

SUBJECT: ADJUSTMENTS TO AGENDA

There were no adjustments to the agenda.

SUBJECT: COMMUNITY DEVELOPMENT PROCUREMENT PROCESS PERFORMANCE AUDIT SEPTEMBER 2021

Sonal Patel, Assistant Director of the Audit Services Department gave a PowerPoint presentation. She stated that this audit report was important because proactively reviewing the procurement process at the Community Development Department ensures that proper controls are in place to appropriately administer the approximately \$146 million of funds that the Department is set to receive. The Department has begun to administer funding with higher amounts and increasingly more complex requirements from four HUD entitlement programs, City funds as well as Covid-19 response funding.

Assistant Director (AD) Patel discussed the objective of the audit: to review the procurement process at the Community Development Department.

AD Patel summarized the findings as follows: based on testing performed by Audit Services Department staff, all applicable procurement guidelines were followed and non-compliance with procurement guidelines was not noted for the projects reviewed. In discussions with Community Development Department staff and review of the procurement process, some areas of concern were noted that could directly impact the Department's ability to ensure compliance with procurement standards going forward. Factors such as: inadequate written standard operating procedures, insufficient training, ineffective internal communication and a lack of a project management system contribute to a risk of non-compliance within the procurement process. In addition, based on results from the survey administered by the Audit Services staff, it appears that an unhealthy departmental culture also exists. The culture of a department drives how it conducts business and executes its strategies. An unhealthy departmental culture can impact the Community Development Department's ability to effectively administer the funding it receives.

Recommendation 1 (Management Concurred)

The Community Development Department management should create written procurement standard operating procedures that are comprehensive and provide guidance to staff on what procurement requirements to follow to ensure compliance with all applicable procurement requirements. The standard operating procedures should also address allowed deviations from the process and the applicable documentation required to justify the deviation. The roles and responsibilities of all staff involved in the procurement process should also be clearly defined.

Value Added: *Risk Reduction; Compliance*

Recommendation 2 (Management Concurred)

The Community Development Department management should provide relevant ongoing training for all employees to introduce and reinforce policies, procedures, and applicable regulations pertaining to the procurement process.

Value Added: *Risk Reduction; Compliance*

Recommendation 3 (Management Concurred)

The Community Development Department should explore the feasibility of using an integrated project management tool to manage projects. Using a project management software, will enable the management team to collaborate on projects. The software should allow everyone to share documents, timelines, and status updates, to ensure an effective and efficient outcome.

Value Added: *Risk Reduction; Efficiency*

Recommendation 4 (Management Concurred)

The Community Development Department senior leadership should develop and submit an action plan to City management to develop trust between senior leadership and staff. This action plan should also include steps to improve the tone at the top by working as a cohesive unit and providing consistent and clear guidance to staff. Senior leadership should address their internal issues and engage in activities that will build trust between upper management and staff.

Value Added: *Risk Reduction; Compliance*

Recommendation 5 (Management Concurred)

The Community Development Department management should establish communication channels to disseminate pertinent information to staff so that all staff are kept abreast of any changes to organization operations.

Value Added: *Risk Reduction; Compliance*

Questions/Comments:

Questions by ASOC members:

Mayor Pro Tempore Johnson: Having an unbiased/neutral party facilitate needed discussions might make staff feel more comfortable. Has management considered bringing in an organizational development consultant?

Director Johnson stated that the leadership is open to an external consultant and that they have begun that process with the process mapping task prior to developing comprehensive procedures.

Member Ruterbories: I found it striking that the survey results drove the audit in a different direction. With regard to the design of the survey, were the questions of a rank sort or developed to provide open ended responses?

Assistant Director Patel stated that the survey included questions to elicit specific responses and open ended questions. Ms. Patel also stated that the Audit staff did extensive one on one interviews with staff. The Community Development staff were forth coming in their responses and pretty much to a person the themes expressed were clear, unambiguous, and similar.

Mayor Schewel stated that the Audit staff did a great job on the report of this process. Mayor Schewel stated that he had been worried that the Community Development (CDD) staff had basically been drinking from a water hose during the pandemic with increased funding to deploy quickly; just a lot on their plates. Mayor Schewel stated that it was fortuitous timing for this audit and he hopes the department is ready for all of the work ahead. He stated that the Council is committed to providing needed resources to facilitate the mission of the department.

Member Ruterbories: Are the themes noted more pervasive or specific to the procurement process?

Assistant Director Patel stated that the nature of the themes could impact other areas of the operations but the Audit staff focused specifically on the procurement process and how this process was impacted by the factors identified.

Member Ruterbories also acknowledged that it was great to see the trusting relationship between the Community Development Department and the Audit Services Department which made the senior leadership feel comfortable being transparent and bringing this issue for a more in-depth examination to the Audit staff. He stated that he would like to see continued collaboration like that with other departments.

OTHER BUSINESS

There was no other business to discuss.

Director Brewington thanked AD Patel for presenting and the rest of the staff for all of the work behind the scenes that make the department successful. She stated that the Committee members would hear a summary of the City's annual financial audit at the next meeting to be held on October 25, 2021.

Chair Nick Long adjourned the meeting at 4:03 p.m.

Respectfully submitted,

Dr. Germaine F. Brewington