

AGENDA

Audit Committee of Roanoke City Council
Council Conference Room, Room 451 South

June 8, 2016

4:00 PM to 6:00 PM

1. Call To Order
Mr. Ferris will call the meeting to order and ask the Secretary to call the roll
2. Approval Of The Minutes From The Last Audit Committee Meeting
3. Independent Auditor's Plan For Year Ending June 30, 2016

Documents: [CHERRY BEKAERT GEN AUDIT PLAN 2016.PDF](#)
4. Budget Transfer Ordinance
Discussion of proposed revisions to City Code section 2-121 to allow transfer of monies within and between funds

Documents: [BUDGET TRANSFER ORDINANCE BACKGROUND.PDF](#)
5. Clerk Of The Circuit Court (FYE 12-31-15)
Annual audit of the Clerk of the Circuit Court's cash receipt and disbursements required by the Virginia Auditor of Public Accounts

Documents: [CLERK OF CIRCUIT COURT.PDF](#), [APA REPORT ON CLERK.PDF](#)
6. Risk Management General Liability Claims
Audit of the City's process for administering general and automobile liability claims filed with the City

Documents: [RISK MGMT CLAIMS.PDF](#)
7. Home Rehabilitation Program Follow Up Audit
Review of the status of management action plans related to an audit of the energy efficiency home rehabilitation program published July 7, 2015

Documents: [HOME REHAB PROGRAM FOLLOW UP.PDF](#)
8. PLAY Afterschool Program Follow Up Audit
Review of the status of management action plans related to the audit of the afterschool program managed by the City's Parks and Recreation Department

Documents: [PLAY FOLLOW UP AUDIT.PDF](#)
9. Other Business
Mr. Ferris will ask if members of the committee or staff have any other business to bring before the committee.
10. Adjournment
Mr. Ferris will adjourn the meeting.

Grow Forward.



City of Roanoke, Virginia

Audit Plan

June 8, 2016

Prepared by:

Rob Churchman
Government Service Partner

804.673.5733 (o)
804.647.8836 (c)
E rchurchman@cbh.com

Donald B. Deeds, III
Audit Senior

540.342.6911 (o)
540.448.2014 (c)
E ddeeds@cbh.com

410 First Street
Roanoke, VA 24011
www.cbh.com

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1. The City of Roanoke, Virginia

The City's Background

Roanoke (the "City"), the largest city in the Commonwealth of Virginia ("Commonwealth") west of Richmond, is located at the southern end of the Shenandoah Valley, approximately 170 miles west of Richmond and 235 miles southwest of Washington, DC. Its position in the southeastern United States gives the City ready access, within a day's drive, to nearly one-half of the total population of the United States. In addition, the City lies at the region's crossroads of major rail and highway systems, making it the principal trade, industrial, transportation, medical, and cultural center of western Virginia.

Chartered by the Commonwealth of Virginia as a city in 1884, Roanoke encompasses a land area of forty-three square miles and operates under a council-manager form of government. The City's 2015 estimated population of 99,320 accounts for 31% of the population in its Metropolitan Statistical Area ("MSA"), which includes the neighboring City of Salem, Town of Vinton, and the Counties of Roanoke, Botetourt, Craig, and Franklin.

The Primary Government provides a full range of services including general government administration, public safety, public works, recreational activities, judicial administration, health and welfare activities, and community development activities. The City also owns and operates a civic center and several parking facilities including both garages and surface lots. Annually, the City adopts a budget which provides the basis for financial planning and control, the purpose of which is to ensure compliance with the legal provisions established by the City Council approved and appropriated budget.

FINANCIAL REPORTING

The City is a municipal corporation organized under the laws of the Commonwealth and governed by seven elected City Council members. The City's reporting entity consists of the Primary Government, as well as its component units, which are legally separate organizations for which the elected officials of the Primary Government are financially accountable. *Financially accountable* is defined as appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the Primary Government, or (b) the possibility that the component unit will provide a financial benefit or impose a financial burden on the Primary Government. The City's reporting entity includes two discretely presented component units, which are presented in separate columns in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from that of the primary government.

Discretely Presented Component Units of the City of Roanoke

School Board of the City of Roanoke, Virginia

The School Board of the City of Roanoke, Virginia ("School Board") is a legally separate entity which operates seventeen elementary schools, five middle schools, and two high schools for students residing in the City. School Board members are appointed by City Council. City Council also provides fiscal guidance because it levies taxes to fund the School Board's operations and issues debt for its capital projects.

Greater Roanoke Transit Company (“GRTC”)

GRTC is a public service bus company organized to provide mass transportation services to the Roanoke Valley. GRTC, known locally as Valley Metro, is a private, non-profit, public service organization wholly owned by the City of Roanoke. Operations began in 1975 when the privately owned transit system, the Roanoke City Lines, went public.

Related Organizations of the City of Roanoke

Economic Development Authority

Issues low-interest, tax-free industrial revenue bonds in its name for the construction or renovation of properties sold or leased to enterprises locating to or remaining in the City.

Roanoke Redevelopment and Housing Authority

Political subdivision of the Commonwealth created to provide low income and subsidized housing, promote self-sufficiency, and foster economic development. Commissioners of the Housing Authority are appointed by the City Council. The Housing Authority is financially independent of the City and has administrative control of its operations, but its overall housing plans require the approval of the City Council.

Joint Ventures of the City of Roanoke

Hotel Roanoke Conference Center Commission (“HRCCC”)

The City participated with Virginia Tech to establish and operate a publicly-owned Conference Center in the City of Roanoke in conjunction with the Hotel Roanoke, which is adjacent to the Conference Center. The HRCCC is composed of six members, three of whom are appointed by the City Council and three of whom are appointed by Virginia Tech.

Roanoke Valley Regional Fire-EMS Training Center

Along with the County of Roanoke, City of Salem, and Town of Vinton, the City jointly operates a Fire-EMS training center governed by a committee of eight members, designated by the participating jurisdictions.

Jointly Governed Organizations of the City of Roanoke

Roanoke Valley Resource Authority

The City, the County of Roanoke, and the Town of Vinton jointly participate to operate the regional sanitary landfill, waste collection and transfer station, and related treatment facilities. The Authority is governed by a board composed of seven members, two of whom are appointed by the City.

Roanoke Regional Airport Commission

The City and County formed the Airport Commission in 1987 to own and operate the Roanoke Blacksburg Regional Airport. The Airport Commission is composed of five members, three of whom are appointed by the City.

Regional Center for Animal Care and Protection (“RCACP”)

The City, along with the Counties of Roanoke and Botetourt, and the Town of Vinton jointly participate on the Advisory Board, which is responsible for the general fiscal and management policies for the RCACP. The regional care center is comprised of an animal control and an animal education facility that are adjacent to each other and are owned and operated by the Roanoke Valley Society for the Prevention of Cruelty to Animals, Inc.

Audit Plan City of Roanoke, Virginia

<p>Roanoke Valley Regional Board</p>	<p>The Counties of Botetourt, Craig, and Franklin, and the Cities of Roanoke and Salem jointly participate in a regional education program for severely disabled students operated by the Regional Board, which is composed of five members, one from each participating locality.</p>
<p>Roanoke Valley Detention Commission</p>	<p>The Counties of Botetourt, Franklin, and Roanoke, and the Cities of Roanoke and Salem formed the Roanoke Valley Detention Commission in 1998 to renovate, expand, and operate a detention facility for juveniles. The Commission is governed by a six-member board, of which two are appointed by the City.</p>
<p>Blue Ridge Behavioral Health Care (“BRBH”)</p>	<p>The Counties of Botetourt, Craig, and Roanoke, and the Cities of Roanoke and Salem formed BRBH, a community services board, to provide a system of comprehensive community mental health, intellectual disability, and substance abuse services. BRBH is governed by a 16-member board, of which three are appointed by the City.</p>
<p>Western Virginia Water Authority (“WVWA”)</p>	<p>The City and the County combined its water and water pollution control functions to form the WVWA, which is responsible for the supply, treatment, distribution, and transmission of water and the collection and treatment of wastewater. The WVWA is governed by a seven-member board, of which three are appointed by the City.</p>
<p>Virginia’s First Regional Industrial Facility Authority (the “Authority”)</p>	<p>The Cities of Radford, Roanoke, and Salem; the Counties of Bland, Craig, Giles, Montgomery, Pulaski, Roanoke, and Wythe; and the Towns of Christiansburg, Dublin, Narrows, Pearisburg, and Pulaski all participate in the Authority with the purpose to enhance the member localities economic base in Virginia’s First Region. The Authority is governed by a board composed of twenty-nine members, two of whom are appointed by the City.</p>
<p>Roanoke Valley Broadband Authority (“Broadband Authority”)</p>	<p>In October 2013, the Cities of Roanoke and Salem, and the Counties of Botetourt and Roanoke created the Broadband Authority, which was formed to provide quality affordable access to broadband technologies. The Board of the Broadband Authority consists of five members of whom the City appoints one for a four-year term.</p>

2. Timing of Audit

Our team is committed to expediting the audit to meet all City deadlines. Accordingly, we will work with management to establish the timing of our audit procedures. An estimated timeline is depicted in the schedule that follows and is based on our understanding from preliminary discussions with City staff.

Task	Occurring on or before
Single Audit, Virginia compliance and interim work substantially complete and final fieldwork information requests provided to the City	May 23 – June 17
Audit Committee briefing on the audit plan	June 8
Audit status meetings	Throughout the audit period
Recommendations for GFOA Certificates	July 1
Review of 2015 CAFR for suggestions and new disclosures	July 30
Opinion on VRS Census Data	September 15
Report on Sheriff’s Internal Controls	October 31
Opinion on the Greater Roanoke Transit Company	October 31
Draft Management Letter	November 14
Final Opinions and Management Letter	November 23
Required communications and presentations of audit reports and letters to Audit Committee	December
Submission of Data Collection Form	Following CAFR issuance, no later than December 30

3. Audit Approach

Our Approach to the Engagement

We recognize the demanding business environment in which the City operates; therefore, our goal is to make the audit uneventful by beginning with a detailed plan for the audit executed by the right people with the right experience – evidenced by our assigning of an experienced and committed Engagement Team with the skills necessary to execute the audit. Our team’s initial time investment in the prior year, which was designed to understand your operations, enhances our ability to serve you effectively on a long-term basis while minimizing the burden on your management, employees, and systems.

We have met with key personnel to discuss expectations of the audit process and have begun creating a schedule detailing documents needed for review and a critical date profile. Time-critical events, such as ending dates for fieldwork, have been established along with benchmark dates for meeting to discuss engagement progress.

Audit Approach

Cherry Bekaert employs an efficient, effective, compliant, and time-tested audit process utilizing an audit methodology that facilitates audit quality and delivers a comprehensive and timely audit. Our audit approach focuses on a targeted examination of your financial statements by addressing the risks related to the fair presentation of the statements in accordance with accounting principles generally accepted in the United States of America.

In order to effectively implement our audit plan, we employ the resources needed, comprised of government industry experienced personnel, to analyze the routine and unique processes and transactions accumulated and assimilated into the entity’s financial statements. Cherry Bekaert’s service team resources will also be augmented by subject matter professionals within our firm to assure that all the resources of Cherry Bekaert are brought forward to provide the City the level of service it expects and deserves.

Our approach will focus on addressing accounting and auditing issues early and assisting the City to provide a smooth audit at year-end. In addition to planning communications previously described, we will communicate results of our interim procedures and reassess our audit plan to ensure issues have been addressed timely, staffing is appropriate, and our fieldwork is performed in a high-quality manner.

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The following table highlights key procedures applied during each of the defined segments of the audit:

Segment	Key Procedures
Segment I: Planning	<ul style="list-style-type: none"> ▶ Conduct entrance conference with key members of City management to introduce personnel and discuss key strategies, audit approach, timing, communications, deliverables, and process initiatives ▶ Obtain an updated understanding of the City’s accounting policies and procedures, including the financial and other management information systems utilized ▶ Document understanding of the control environment, accounting systems, control procedures, and assess the risk of fraud related to financial reporting, as required by the audit standards ▶ Develop, with City management, a draft work plan utilizing the City’s extensive Comprehensive Annual Financial Report (“CAFR”) work plan
Segment II: Risk Assessment Procedures	<ul style="list-style-type: none"> ▶ Acquire in-depth knowledge of the information systems equipment, software, and systems and perform testing of general information technology controls ▶ Through inquiry, observation, and inspection, trace transactions through the information systems (i.e., walkthroughs) to enhance understanding of internal controls ▶ Perform test of controls over significant transaction cycles and compliance requirements (e.g., Single Audit and Virginia specifications) ▶ In accordance with the auditing standards, perform engagement team discussions and inquiries of management and others ▶ Analytically review current year results and current year’s budget; review organization chart, investment and other fiscal policies and procedures, leases, debt documents, and covenants, etc.
Segment III: Audit Procedures	<ul style="list-style-type: none"> ▶ Annual audit procedures include: <ul style="list-style-type: none"> ▪ Tailor audit programs based on our customized risk assessment developed in Segment II. ▪ Perform risk-based substantive testing, including substantive analytics and tests of details utilizing statistical and non-statistical sampling ▶ Complete compliance and Single Audit testing
Segment IV: Reporting	<ul style="list-style-type: none"> ▶ Reporting procedures consist of: <ul style="list-style-type: none"> ▪ Detailed review of all audit documentation and deliverables by the engagement partner and the concurring review partner ▪ Review the CAFR in comparison to our governmental reporting checklist, the

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Segment	Key Procedures
	<p>GFOA reporting checklist, and any comments received on the City's 2015 submission to ensure all matters are addressed appropriately and the CAFR is in compliance with the certificate programs' requirements</p> <ul style="list-style-type: none"> ▪ Have an exit conference with appropriate City personnel to review draft of financial statement audit opinion, compliance and internal control reports, management letter, and any other pertinent matters ▪ Presentation of required communications to the Audit Committee <p>▶ Reports to be issued for the City:</p> <ul style="list-style-type: none"> ▪ Report of Independent Auditor on the fair presentation of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as presented in the basic financial statements, with an "in relation to" opinion on the supplementary information and disclaimer opinion on the required supplementary information and introductory and statistical sections ▪ Report of Independent Auditor for use with Official Statements ("Liftable") ▪ Report of Independent Auditor on the fair presentation of the Pension Plan's financial statements ▪ Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> ▪ Report of Independent Auditor on Compliance for Each Major Program and on Internal Control Over Compliance ("Single Audit") ▪ Report of Independent Auditor on Compliance with Virginia specifications ▪ Report of Independent Accountant on Applying Agreed-Upon Procedures over the Comparative Cost Transmittal form's compliance with the <i>Uniform Financial Reporting Manual</i> as required by the Auditor of Public Accounts ▪ Report of Independent Accountant on Applying Agreed-Upon Procedures on compliance with maintaining internal controls in accordance with <i>Virginia Sherriff's Accounting Manual</i> requirements ▪ Report required by the Auditor of Public Accounts ("APA") regarding the City's participation in the Virginia Retirement System ▪ Management Letter detailing any operational observations noted

Information Technology (“IT”) Specialists

On all audit engagements, Firm-designated IT Audit Group ITAG consultants are fully integrated within the engagement team working with other audit team members to identify key system areas and controls for review. This review will include the City’s information systems environment and will incorporate use of IT Audit programs tailored to the City’s specific environment and the inner workings of specific software packages.

ITAG will work with the City to assess the effect of systems processing on operations and will assess the reliability of systems processing. Our professionals will focus on providing constructive service suggestions intended to enhance the quality of information and system controls. The results of this assessment will be integrated into our audit approach to improve audit efficiency and to further define the way in which we address identified risk factors. Cherry Bekaert has developed an integrated financial statement audit approach to ensure that IT controls are evaluated when determining the amount of reliance that can be placed upon internal controls for financial reporting and compliance with laws and regulations. Our review procedures of general controls are categorized as follows:

Entity-Wide Security Program Planning and Management	Provide a framework and continuing cycle of activity for managing risk, developing security policies, assigning responsibilities, and monitoring the adequacy and effectiveness of controls
Access Controls	Limit or detect access to computer resources (data, programs, equipment, and facilities), thereby protecting these resources against unauthorized modifications, loss, and disclosure
System Development and Program Change Controls	Prevent implementation of unauthorized programs or modifications to existing programs that may alter financial data, modify or destroy application audit trails, or introduce processing errors
System Software Controls	Limit and monitor access to programs and utilities and sensitive files that control computer hardware, secure applications supported by the system, and monitor and record activities
Segregation-of-Duty Controls	Provide policies, procedures, and an organizational structure to prevent one individual from controlling key aspects of computer-related operations and thereby conducting unauthorized actions or gain unauthorized access to assets or financial records
Service Continuity Controls	Ensure that when unexpected events occur, critical operations continue without interruption or are promptly resumed to minimize the impact of the disruption on an entity’s critical mission and to protect sensitive data from destruction

4. Significant Audit Areas

Based on our preliminary risk assessment, we have identified the following significant audit areas and our audit test work will include the following example procedures:

City

Revenues and Receivables

- ▶ The audit team will meet with applicable personnel and review internally prepared narratives describing the tax assessment and collection process, in addition to revenues provided by the Commonwealth and other grantors
- ▶ Once an updated understanding of procedures has been established, we will perform procedures and tests of controls over significant revenue streams in addition to performing detailed analytics comparing auditor expectations to actual activity
- ▶ Through journal entry and APA procedures, we will review exoneration and abatement entries during the year, as well as select and test other adjustments that were entered during the year
- ▶ We will test the reconciliation of funds provided by the Commonwealth to the City's records

Expenditures and Payables

- ▶ The audit team will meet with applicable personnel and review internally prepared narratives describing purchasing procedures and thresholds
- ▶ Once an updated understanding of procedures has been established, we will perform procedures and tests of controls over disbursements in addition to performing detailed analytics comparing auditor expectations to actual activity
- ▶ We will perform a search for unrecorded liabilities to verify proper cutoff and completeness as of June 30

Payroll and Related Liabilities

- ▶ The audit team will meet with applicable personnel and review internally prepared narratives describing the employee on-boarding process, pay rate adjustments, termination procedures, and general payroll cycle procedures
- ▶ Once an updated understanding of procedures has been established, we will perform procedures and tests of controls over the payroll process
- ▶ We will analytically examine payroll expenditure detail as of year-end, as well as test the accuracy and valuation of year-end salary and compensated absence accruals
- ▶ For actuarial valuations, we will test underlying support and assumptions used to calculate the actuarial valuation and review the results of the valuations for consistency over the years

Grant and Similar Programs (“Virginia Compliance”)

- ▶ We will conduct tests of compliance in accordance with the Auditor of Public Accounts’ *Specifications for Audits of Counties, Cities and Towns*

Grant and Similar Programs (the “Uniform Guidance”)

- ▶ We will perform an audit of the City’s major federal programs in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (“CFR”) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.
- ▶ We will identify major federal grant programs and their respective compliance requirements based upon a risk-based analysis
- ▶ We will test the administrative control systems in place to ensure compliance and test for conformance with the grants’ requirements (e.g., cash management, federal financial reports, allowable costs, and sub-recipient monitoring)
- ▶ If noted, we will summarize findings and assist in the review of the corrective action plan

City Pension Plan

Investment and Derivative Instruments

- ▶ The audit team will meet with applicable personnel and review internally prepared narratives describing the investment policies and reporting process
- ▶ Once an updated understanding of procedures has been established, we will perform tests of controls to verify they are in place and working
- ▶ We will test significant investment reconciliations and classifications of investments and we will analytically review year to year activity and account balances
- ▶ We will confirm significant investment account balances

Benefits Payments

- ▶ The audit team will meet with applicable personnel and review internally prepared narratives describing the benefit policies and reporting process
- ▶ Once an updated understanding of procedures has been established, we will perform procedures over controls to verify they are in place and working
- ▶ We will test payments made and analytically review year to year activity

5. Accounting Requirements Update

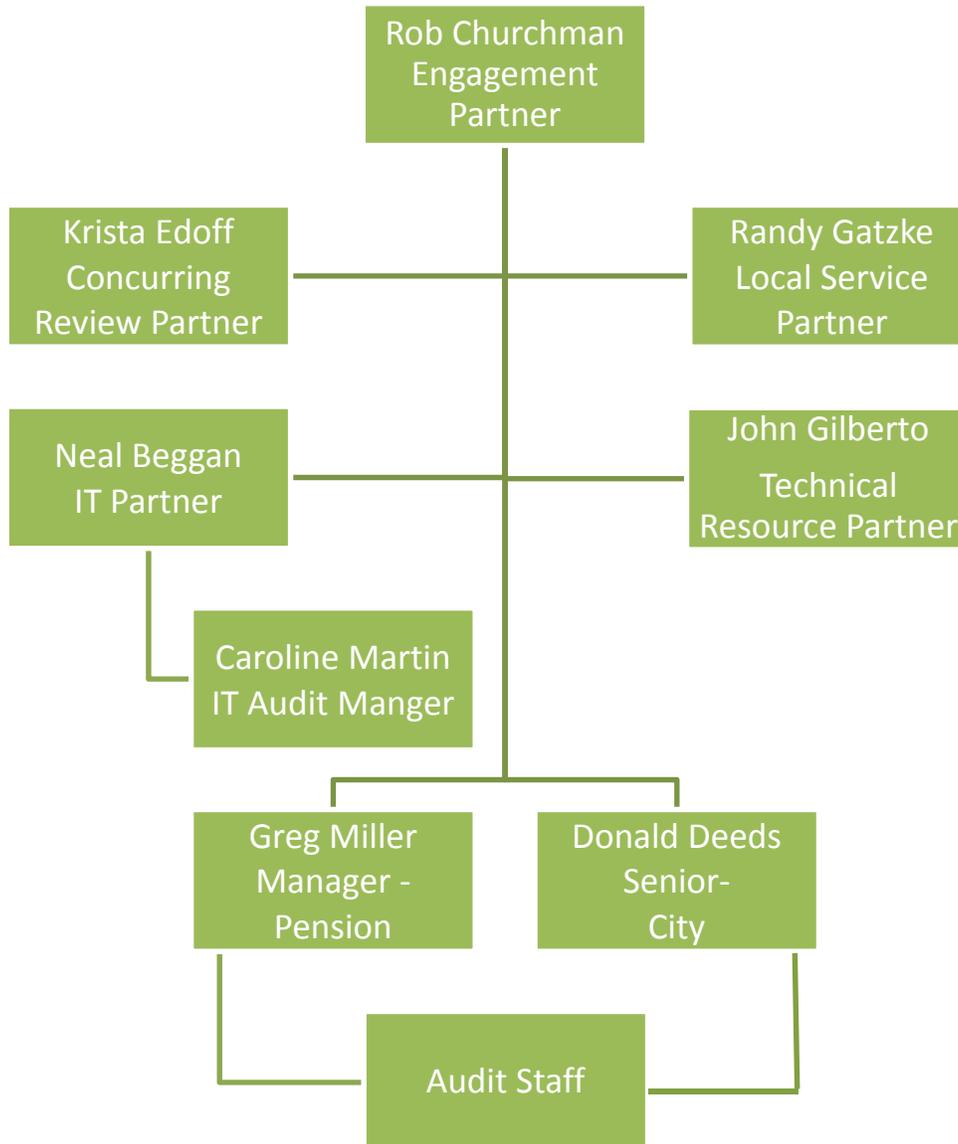
Applicable for the fiscal year ending June 30, 2016:

- ▶ *GASB Statement No. 72 – Fair Value Measurement and Application*
 - The new standard will require detailed disclosures for investments held by the City. Detail will include an investment description and balance in relation to the fair value hierarchy level

Applicable for the fiscal year ending June 30, 2017, and thereafter:

- ▶ *GASB Statement No. 77 – Tax Abatement Disclosures* (early implementation is allowed)
 - The new standard will require detailed disclosure related to taxes that were abated during the year, including type of tax being abated, a description of abatements, amount of abatements, eligibility criteria, and provisions for recapturing abated taxes
- ▶ *GASB Statement No. 73 – Pension Reporting*
 - Provides updates and amendments to GASB 67 and 68, and extends the reporting requirements to pension plans not under the scope of GASB 68
 - Effective for employers in fiscal years beginning after June 15, 2016
- ▶ *GASB Statements No. 74 and 75 – OPEB Reporting Requirements*
 - Similar to pension standards from the prior year, in that the new standard will recognize the fair value of the future liability related to other post-employment benefits
 - Effective for employers in fiscal years beginning after June 15, 2017, with early implementation being allowed

6. Core Engagement Team



Audit Plan City of Roanoke, Virginia



Rob Churchman, CPA **Engagement Partner**

Rob has over 25 years of experience serving state and local governments and not-for-profit entities providing clients with a full range of audit and accounting services, including single audits. As Engagement Partner, Rob will have final authority in the conduct of the engagement and full responsibility for the work performed, including final review of the audit report and all deliverables. He also will help ensure that the correct resources are available and assigned to the audit and that deliverables are complete, accurate, responsive to the City's requirements, and delivered in a timely manner.

He is a member of the American Institute of Certified Public Accountants ("AICPA"), the Virginia Society of Certified Public Accountants ("VSCPA"), the National and Virginia chapters of the GFOA, and the Association of Government Accountants. Throughout his career, Rob has served these public sector organizations as a teacher and as a subject matter expert while also serving as a member of several related teams such as the AICPA Other Postemployment Benefits task force and the Commonwealth of Virginia's Auditor of Public Accounts' GASB #34 and #45 task forces and the VSCPA government issues task force.

Rob is an approved peer reviewer for the AICPA Peer Review Program, which is dedicated to enhancing the quality of accounting, auditing, and attestation services performed by AICPA members in public practice. Rob is also a GFOA *Certificate of Excellence in Financial Reporting* program reviewer.

Rob received his Bachelors of Business Administration from James Madison University.

Relevant Experience:

- ▶ City and Schools:
 - ▶ Roanoke
 - ▶ Charlottesville
 - ▶ Norfolk
 - ▶ Portsmouth
 - ▶ Richmond
 - ▶ Suffolk
- ▶ County and Schools:
 - ▶ Roanoke
 - ▶ Chesterfield
 - ▶ Spotsylvania
 - ▶ Fairfax
 - ▶ Goochland
 - ▶ Hanover
 - ▶ Henrico
 - ▶ Isle of Wight
 - ▶ York
- ▶ District of Columbia
- ▶ Virginia Resources Authority
- ▶ Newport News Early Retirement Fund
- ▶ Richmond Retirement System

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Randy Gatzke, CPA **Local Service Partner**

Randy is an Audit Partner with Cherry Bekaert based in our Roanoke Office, and will serve as the local service partner for the City. In his role, he will assure you of prompt and proper response to all of your service needs.

Randy has over 30 years of experience helping clients in a variety of industries. He regularly assists organizations with audit and employee benefit plan audit services, consulting services, and accounting and financial reporting assistance.

Relevant Experience:

- ▶ County of Roanoke and Schools
- ▶ Roanoke County Public Schools Education Foundation



Krista N. Edoff, CPA **Concurring Review Partner**

Krista has more than thirteen years of experience providing audit and accounting services to public sector clients. As the City's concurring review partner, Krista will be responsible for assisting with the preliminary planning and

risk assessment and for a second review of the financial statements and audit files. She will provide support to the City's engagement team and will review the status of the work being performed.

Krista specializes in performing attestation services for the governmental industry. These services include financial and performance audits, agreed-upon procedures, single audits, and compliance audits. Her duties encompass all aspects of these services from planning, performing, supervising, reporting and wrapping-up the engagement, direct communication with the client and their board, and other value-added services.

Krista is an approved peer reviewer for the AICPA Peer Review Program, which is dedicated to enhancing the quality of accounting, auditing, and attestation services performed by AICPA members in public practice.

Krista received her Bachelors and Masters of Accounting from Florida State University. She is a member of the AICPA, the VSCPA, the National and Virginia chapters of the GFOA, and the Affordance Housing Association of Certified Public Accountants. She is also a member of the AICPA's Peer Review program, where her focus is governmental audits.

Relevant Experience:

- ▶ City and Schools:
 - ▶ Newport News
 - ▶ Chesapeake
 - ▶ Hampton
 - ▶ Norfolk
 - ▶ Portsmouth
 - ▶ Poquoson
 - ▶ Virginia Beach
 - ▶ Suffolk
- ▶ County and Schools:
 - ▶ Roanoke
 - ▶ Prince William
 - ▶ Loudoun
 - ▶ York
 - ▶ Isle of Wight

Audit Plan City of Roanoke, Virginia



John Gilberto, CPA **Technical Resource Partner**

John has over 24 years of public accounting experience providing audit and accounting services for state and local government entities. As Technical Resource Partner, John will be actively involved with key technical issues that may

arise for the City.

John is the Director of Cherry Bekaert's Government Services Group and has extensive experience providing audit and accounting services to government organizations throughout Virginia, Florida, and North Carolina.

John has authored government industry articles and is a frequent speaker and instructor at industry conferences. He is a member of the AICPA state and local government expert panel and the Florida Government Finance Officers Association ("FGFOA") technical resource committee.

John received his Bachelors of Business Administration in Accounting from Guilford College and his Masters in Business Administration from the University of North Carolina Chapel Hill. He is a member of the AICPA, Florida Institute of Certified Public Accountants, and the FGFOA.

Relevant Experience:

- ▶ Virginia:
 - ▶ Prince William County
 - ▶ City of Norfolk
- ▶ North Carolina:
 - ▶ City of Durham
 - ▶ City of High Point
 - ▶ City of Jacksonville
 - ▶ City of Kinston
 - ▶ City of Sanford
- ▶ Florida:
 - ▶ Hillsborough County
 - ▶ Lee County and Schools
 - ▶ City of Pinellas Park
 - ▶ City of St. Petersburg
 - ▶ Onslow, Orange and Neuse Water and Sewer Authorities
 - ▶ Sarasota County District School Board
 - ▶ Sarasota Manatee Airport Authority



Neal Beggan, CISA
IT Partner – Risk Advisory Services

Neal is a Partner in the Information Technology Audit Group (“ITAG”) of Cherry Bekaert. With the professional designation as a Certified Information Systems Auditor (“CISA”), he has approximately fifteen years of IT audit, consulting, and compliance experience, including planning, managing, and performing information technology reviews for compliance with Sarbanes-Oxley (“SOX”) 404, FISCAM, FFMIA, JFMIP, OMB A-123, OMB A-130, and SAS 70 requirements to federal, state, and local governments, as well as toll industry information systems.

Neal will be responsible for leading the performance and direct review of information services technology services provided in connection with our audits and for consultation regarding information technology matters. He currently leads our firm’s services involving audits of information technology systems.

Prior to joining Cherry Bekaert, Neal worked at an international accounting and management firm as an IT manager where he was responsible for managing Sarbanes-Oxley Act assistance projects for accelerated and non-accelerated filers across numerous industries. He provided end-to-end project management for clients to ensure compliance with Sarbanes-Oxley 404 requirements; performed walkthroughs, testing, and remediation for IT entity level controls, IT general controls, and IT application controls; assisted in the design and implementation of baseline IT processes and controls; and streamlined IT control processes, reducing the number of key controls, and improving the efficiency of testing the controls.

Neal obtained a Bachelor of Business Administration in Finance with a concentration in Computer Information Systems (“CIS”) from James Madison University. He is a member of the Information Systems Audit Control Association.

Relevant Experience:

- ▶ Virginia:
 - ▶ Roanoke County
 - ▶ Loudoun County
 - ▶ Prince William County
 - ▶ City of Richmond
 - ▶ City of Hampton
 - ▶ City of Newport News
 - ▶ City of Portsmouth
 - ▶ City of Charlottesville
 - ▶ City of Chesapeake
- ▶ Florida:
 - ▶ Hillsborough County
 - ▶ Lee County
 - ▶ Orange County
 - ▶ Orlando-Orange County Expressway Authority

Audit Plan City of Roanoke, Virginia



Greg Miller, CPA Manager

Greg is an Audit Manager and specializes in meeting the audit needs of entities in the public sector. Greg has over six years of audit experience, providing state and local government entities with financial statement audits in accordance with both GAAS, GAS, Single Audit, and APA's *Specifications for Audits of Counties, Cities and Towns*, and *Specifications for Audits of Authorities, Boards, and Commissions*.

As Manager, his duties will encompass all aspects of our services from planning, performing, supervising, reporting, and completing the engagement, as well as direct communication with the client and value-added services.

He is a member of the AICPA, the VSCPA, the Virginia Local Government Auditors Association, and the National and Virginia chapters of the GFOA. Greg graduated from The Citadel with a Bachelor of Science in Business Administration with a concentration in Accounting.

Relevant Experience:

- ▶ Roanoke County
- ▶ Richmond Retirement System
- ▶ City of Newport News:
 - ▶ Schools
 - ▶ Retirement System
 - ▶ Economic Development Authority
- ▶ Prince William County:
 - ▶ Schools
 - ▶ Self-Insurance Group
- ▶ Loudoun County and Schools
- ▶ Virginia Resources Authority
- ▶ Richmond Metropolitan Transportation Authority
- ▶ Capital Region Airport Commission ("RIC")



Donald Deeds, CPA Audit Senior

Donald is an Audit Senior in Cherry Bekaert's Roanoke Practice with over five years of experience serving state and local government entities including cities, counties, towns, and authorities in the Roanoke and Blue Ridge area.

Specifically, he has experience performing financial statement audits in accordance with both U.S. GAAS and GAS as well as compliance audits in accordance with the Single Audit and APA specifications.

Donald is a member of the AICPA and VSCPA, and is a graduate of Bridgewater College with a BA in Business Administration with concentrations in Accounting and Finance.

Relevant Experience

- ▶ Roanoke County
- ▶ Roanoke County Public Schools
- ▶ Roanoke County School Activity Funds
- ▶ City of Virginia Beach

Due to Donald's confidentiality agreement with his previous CPA firm, the specific identification of his previous clients is not allowed in this forum. However, prior to joining Cherry Bekaert Donald had over 5 years of experience serving Towns, Counties, Cities, and Schools

Audit Plan City of Roanoke, Virginia



Caroline Martin, CPA
IT Audit Manager – Risk Advisory Services

Caroline is an IT Audit Manager in the Risk Advisory Services Group of Cherry Bekaert LLP. She has over six years of IT auditing, risk advisory consulting, and compliance experience.

Caroline has served on SSAE 16 SOC 1 and SOC 2 audits, IT general control reviews, internal audits, IT risk assessments, FISMA and NIST compliance, and pre and post implementation reviews.

Caroline has experience as a financial statement auditor and has also assisted in 401k and indirect cost audits. She currently serves in the following industries: State and Local Government, Federal Government, Government Contracting, Not-For-Profit, Financial Services, and Technology.

Caroline obtained a Bachelor of Science in Business Administration with a concentration in Accounting and a Master's of Science in Accounting with a concentration in Accounting Information Systems from James Madison University. She is a member of the Information Systems Audit Control Association, the Institute of Internal Auditors, and the AICPA.

Relevant Experience:

- ▶ Roanoke County
- ▶ Loudoun County
- ▶ Prince William County
- ▶ City of Richmond
- ▶ City of Chesapeake
- ▶ City of Hampton
- ▶ City of Newport News
- ▶ City of Portsmouth
- ▶ City of Charlottesville

7. Team Contact Info

For your convenience, we have listed all engagement team contact information from which you can expect real-time responses.

Rob Churchman Partner 804.673.5733 rchurchman@cbh.com	Randy Gatzke Partner 540.342.6911 ext 3019 rgatzke@cbh.com
Neal Beggan Principal 703.584.8393 nbeggan@cbh.com	Greg Miller Manager 804.673.5742 gmiller@cbh.com
Donald Deeds Senior 540.342.6911 ext 3008 ddeeds@cbh.com	Caroline Martin Manager 703.584.0271 cfmartin@cbh.com



OFFICE OF THE CITY MANAGER

Noel C. Taylor Municipal Building
215 Church Avenue, SW, Room 364
Roanoke, Virginia 24011
540.853.2333
www.roanokeva.gov

June 2, 2016

Members of the Audit Committee

Subject: Transfer of Funds

Background:

City Council appropriates funds through the annual budget adoption ordinance or through Council action during the fiscal year. For the General Fund, Internal Service Funds, and Enterprise Funds, the budget is adopted by fund with appropriations noted by department and division. The appropriation of funds to the Capital Project Fund and Grant Fund is at the project level.

Transfers of funds are managed under established guidelines and require specific approvals through a workflow process. City Code Section 2 - 121 provides that the City Manager may make or cause to be made transfers up to \$75,000 within or between several departments and divisions set forth by fund in the annual appropriation ordinance, except during the period from April 1 through June 30 annually when the City Manager may make transfers in excess of \$75,000. The Director of Finance reports transfers on a quarterly basis.

Considerations:

The current transfer authority was amended in November 2000 to a maximum of \$75,000. The current limit of \$75,000 is no longer considered effective for efficient administration of the budget.

Roanoke County and Salem currently allow fund transfers within funds with no maximum limit as the transfers do not change the aggregate budget appropriation.

Recommendation:

Amend City Code Sec. 2-121 to allow the transfer of funds in any amount within and between funds.

The Director of Finance will report to City Council, on a quarterly basis, transfers in excess of \$100,000 between funds and between project /program accounts in the Capital Project Fund and Grant Fund.

Thank you for considering the recommendation outlined above.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'C. Morrill', written over the text 'Respectfully Submitted,'.

Christopher P. Morrill
City Manager

Barbara A. Dameron, Director of Finance
Amelia C. Merchant, Director of Management and Budget
Sherman M. Stovall, Assistant City Manager for Operations
R. Brian Townsend, Assistant City Manager for Community Development

MUNICIPAL AUDITING REPORT CITY OF ROANOKE



Clerk of the Circuit Court
April 15, 2016

Report Number: 16014
Audit Plan Number: 16025

Municipal Auditing Department
Chartered 1974

www.roanokeva.gov/auditing
Phone 540.853.5235

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BACKGROUND

The Circuit Court of the City of Roanoke is the City's court of general jurisdiction, established by the General Assembly of Virginia. The responsibilities of the Clerk of the Circuit Court include serving as recorder of deeds, probating of wills and qualification of personal administrators of estates, handling of trust funds established by the court, issuing marriage licenses, collecting civil fees, creating court records, and certifying and archiving all records of the Circuit Court and other records as provided by law. All fees and monies administered by the Clerk of the Circuit Court are subject to audit annually by the Virginia Auditor of Public Accounts [APA]. The Municipal Auditing department completes a portion of the Commonwealth's annual audit program for the APA in return for a waiver of audit fees. Our work is submitted to the APA for review and incorporation into their final report.

OBJECTIVES, SCOPE, METHODOLOGY AND RESULTS

Objectives:

1. To determine if processing fees and taxes were assessed according to state law.
2. To determine if funds held in trust through the court were deposited with the bank and accounted for in accordance with state law, including proper allocation of interest and assessment of administrative fees.
3. To determine if trust funds were disbursed in accordance with court orders.

Scope:

We tested transactions for the period from January 1, 2015, through December 31, 2015, for the following areas:

- Civil cases
- Deeds
- Wills
- Trust funds

We verified balances at June 30, 2015, for trusts held by the Clerk of the Circuit Court.

Methodology and Results:

In accordance with the audit program provided by the APA, we performed the following steps:

- Randomly selected ten [10] civil cases, for which we recalculated all taxes and fees and verified cases were properly receipted in accordance with state law. *No exceptions were noted.*
- Randomly selected five [5] civil cases for which zero fees were charged and verified appropriateness. *No exceptions were noted.*

- Randomly selected five [5] deeds, for which we recalculated all taxes and fees and verified deeds were properly receipted in accordance with state law. *No exceptions were noted.*
- Randomly selected five [5] wills, for which we recalculated all taxes and fees and verified, were properly receipt in accordance with state law. *No exceptions were noted.*
- Reviewed three [3] wills where the final inventory had not been recorded as of the prior audit of May 2015 and verified any additional probate taxes were properly paid. *No exceptions were noted.*
- Determined the Trust Fund Order Book was properly safeguarded from the public and the Annual Report to the court was filed by the October 1st deadline. *No exceptions were noted.*
- Reconciled the ending balance of the Trust Fund Annual Report to the bank statement ending balance as of June 30, 2015. *No exceptions were noted.*
- Randomly selected five [5] new court ordered trust funds, for which we verified appropriate fees were charged and deposited timely in accordance with state law. *No exceptions were noted.*
- Randomly selected five [5] trust fund disbursements, for which we verified payments were in accordance with court orders, appropriate fees were deducted, and checks were paid as required by state law. *No exceptions were noted.*
- Randomly selected five [5] individual trust accounts and verified ending balances on the Liabilities Index to the ending balance on the December 31, 2015, bank statement. *No exceptions were noted.*

CONCLUSION

Based on the results of our audit work, we conclude that the Clerk of the Circuit Court materially complied with the Code of Virginia in those areas subjected to our review in accordance with the APA's audit program [civil processes, deeds, wills, and trusts]. We have submitted our work to the APA for review and incorporation into the results of the overall audit.

We would like to thank the management and staff of the Clerk of the Circuit Court's office for their cooperation and assistance during the course of this audit.



Ann Clark, CPA
Senior Auditor



Drew Harmon, CPA, CIA
Municipal Auditor



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

May 2, 2016

The Honorable Brenda Hamilton
Clerk of the Circuit Court
City of Roanoke

David A. Bowers, Mayor
City of Roanoke

Audit Period: January 1, 2015 through December 31, 2015
Court System: City of Roanoke

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court for this locality. Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial management system; evaluate the Court's internal controls; and test its compliance with significant state laws, regulations, and policies.

Management's Responsibility

Court management has responsibility for establishing and maintaining internal controls and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Deficiencies in internal controls could possibly lead to the loss of revenues or assets, or otherwise compromise fiscal accountability.

We noted no matters involving internal control and its operation necessary to bring to management's attention.

The Honorable Brenda Hamilton
David A. Bowers
May 2, 2016
Page Two

We acknowledge the cooperation extended to us by the Court during this engagement.

A handwritten signature in black ink, reading "Matthew S. Mansfield". The signature is written in a cursive, flowing style.

AUDITOR OF PUBLIC ACCOUNTS

MSM: ljh

cc: The Honorable James R. Swanson, Chief Judge
Christopher P. Morrill, City Manager
Paul F. DeLosh, Director of Judicial Services
Supreme Court of Virginia
Director, Admin and Public Records
Department of Accounts

MUNICIPAL AUDITING REPORT CITY OF ROANOKE



Risk Management General Liability Claims

April 21, 2016

Report Number: 16-013
Audit Plan Number: 16-017

*Municipal Auditing Department
Chartered 1974*

www.roanokeva.gov/auditing
Phone 540.853.5235

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AUDIT OBJECTIVES & SCOPE

Audit Objectives:

1. Are adequate controls in place and operating effectively to ensure prompt and fair settlement of General, Automobile and Law Enforcement liability claims for which the City is liable?

Yes – Virginia Association of Counties Group Self Insurance Risk Pool (VACORP) adjusters follow established procedures to assure proper support exists to substantiate the amount of a loss and the City's liability. Approval is obtained from the Risk Manager prior to payment.

2. Are adequate controls in place and operating effectively to ensure claims for which the City is not liable are properly denied?

Yes – Because of the nature of governmental functions performed, the City of Roanoke may be immune to liability for a loss incurred by a citizen. All claims filed against the City are reviewed by a VACORP adjuster to determine liability prior to any payment made. Agreement for denial is obtained from the Risk Manager prior to a denial.

Audit Scope:

The audit considered the various types of claims for which the City could be liable.

We reviewed processes for administering General, Automobile and Law Enforcement liability claims against the City as of February 29, 2016.

We reviewed payments and denials of General, Automobile and Law Enforcement liability claims made between July 1, 2015 and February 29, 2016.

The scope did not include:

- Workers Compensation and Health insurance,
- Claims handled by the City Attorney's Office, or
- The Risk Management Fund Reserve

End of Audit Objectives and Scope

BACKGROUND

The Office of Risk Management is responsible for mitigating and managing the City's exposure to risk by managing the city's self-insurance program, actively managing liability and workers' compensation claims filed against the City, implementing safety and loss control programs, reviewing all certificates of insurance for contracts, permits and bonds, purchasing insurance to protect its assets, ensuring compliance with the Americans with Disabilities Act (ADA) and managing the employee driver qualification program.

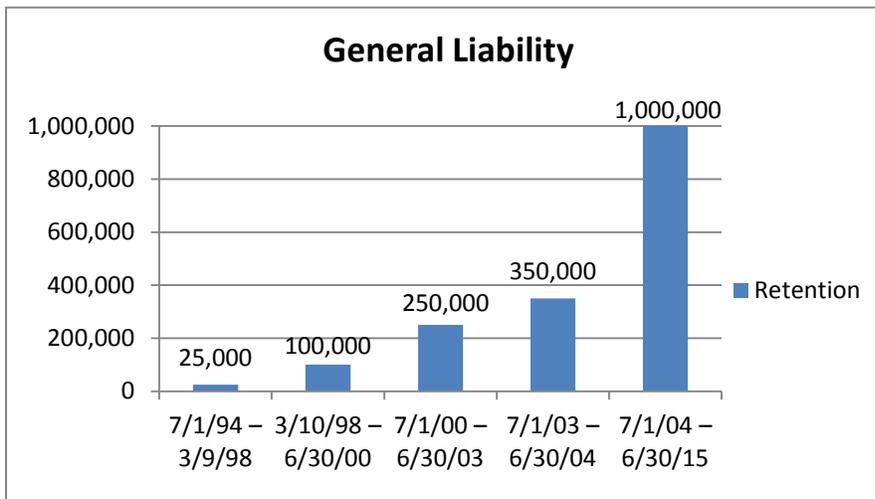
There are three [3] full time staff employed to support the function.

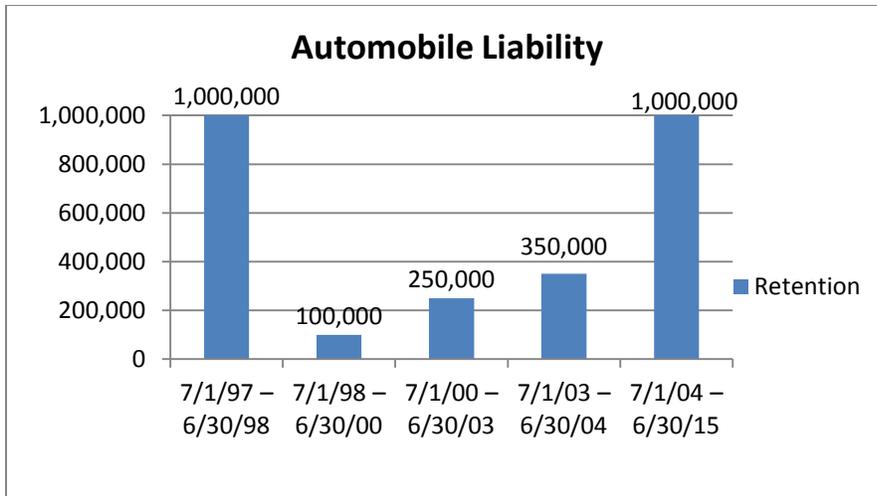
Self-Insurance Program

The City is currently self-insured for Workers Compensation, General liability, Auto liability and Employee Health insurance.

General liability, Auto liability and Worker's Compensation claims are overseen by the Office of Risk Management. General liability covers incidents including employment practice claims, property damage, injuries on City property and law enforcement claims.

A history of the self-insured retention limits, or amount of monies the City is responsible for prior to purchased excess insurance coverage are included below:

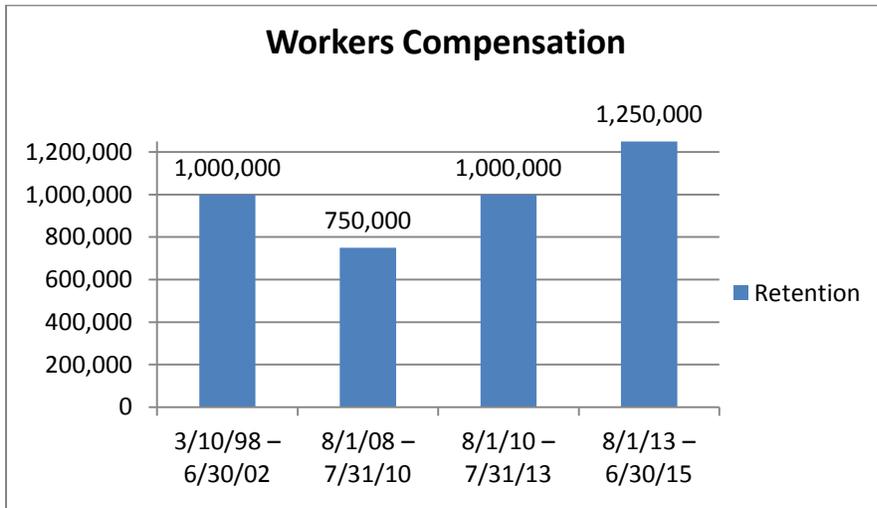




Note:

There were no retention limits for Automobile liability claims between

- July 1, 1994 and June 30, 1997



Note:

There were no retention limits for Workers Compensation claims between

- July 1, 1994 and March 9, 1998
- and
- July 1, 2002 and July 31, 2008

Employee Health Insurance is self-insured with a \$300,000 retention level. Claims are administered by a third party administrator and overseen by the Human Resources Department.

Excess liability coverage is purchased to cover settlements which exceed the self-insured retention amount. The current policy term of August 1, 2015 through August 1, 2016 is written through States Self-Insurers Risk Retention Group which offers coverage to municipalities with little to no exclusions and affordable premiums. The annual premium for the current term is \$234,982.

Effective July 1, 2015, the City contracted with VACORP to provide third party claims handling for all General liability and Automobile liability claims. The claim handling process is overseen by the City's Office of Risk Management and serves as the liaison between VACORP and the City Attorney as necessary. Prior to July 1, 2015 claims were self-administered by the City's Office of Risk Management.

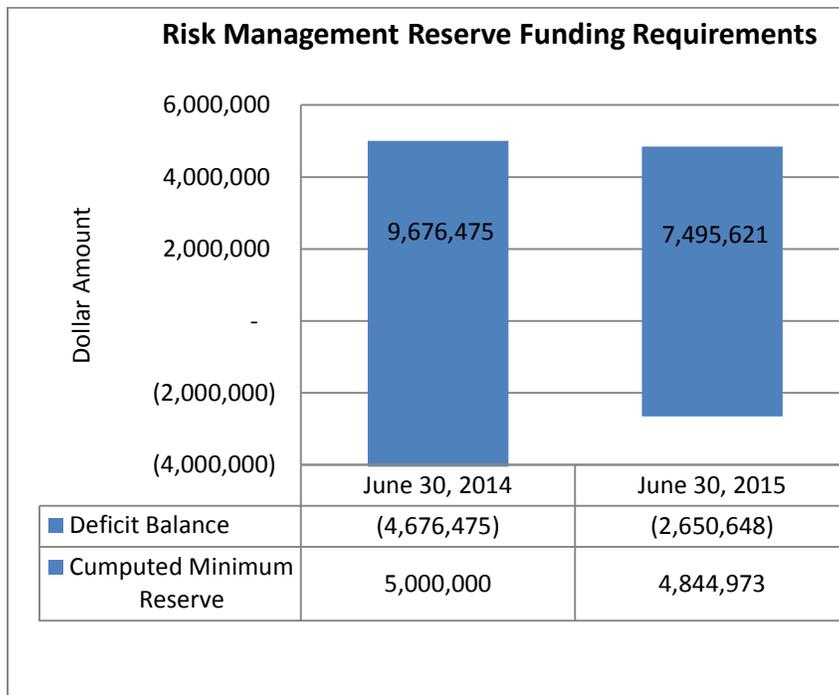
Workers Compensation claims were self-administered by the City's Office of Risk Management before November 15, 2001, at which time administration was outsourced to a third party administrator (TPA). The Office of Risk Management maintains control over the handling of claims. The TPA is required to notify the City of any changes in incurred costs over \$20,000 and all settlements and denials must be approved by the Risk Manager.

The City has adopted comprehensive financial policies that include a Risk Management reserve. The purpose of the reserve is to mitigate risk exposure due to its self-insurance program. A minimum funding level has been established which includes:

- 25% of the three year average of self-insured claims costs,
- Plus 10% of the three year average of fully insured premiums,
- Plus a \$1million in catastrophic reserve

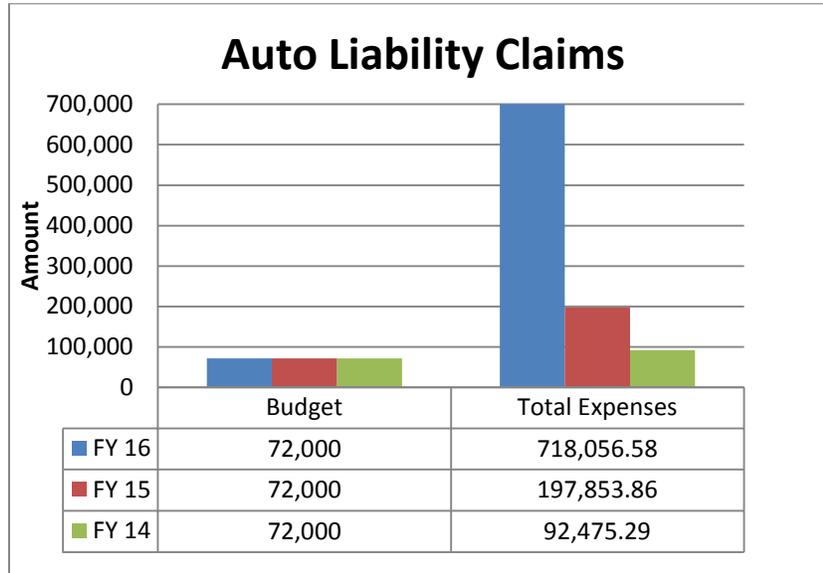
Fund reserve drawdowns are used to fund unanticipated risk management expenses.

Annually, the City engages a third party to perform an actuarial review of the self-insurance program to determine estimated funding for current and future expected claims. Although the reserve has been underfund for the past several years based on future actuarial liabilities, the City continues to add to the reserve on an annual basis and the total cash position of the fund remains strong. Fund details for the past two fiscal years are shown below.

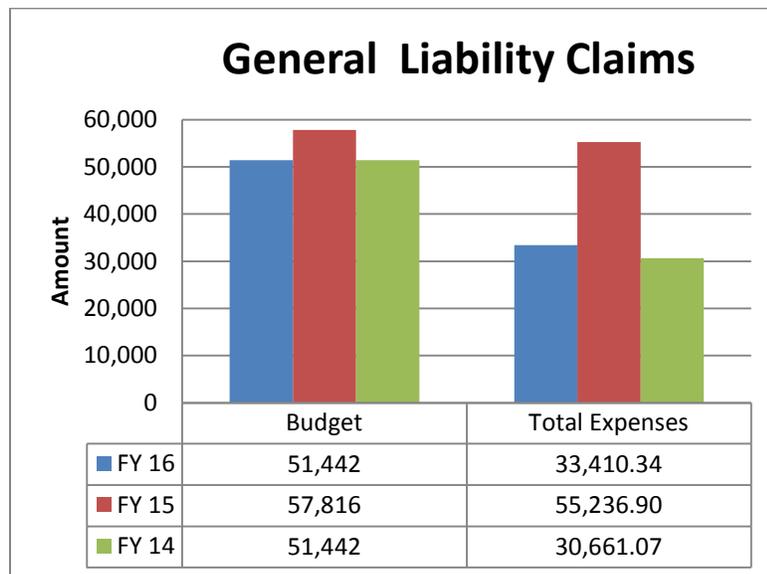


Automobile Liability and General Liability Claims Budget

The Office of Risk Management budgets annually to cover expenditures related to Automobile and General liability claims for which the City is liable. Actual expenditures depend on losses incurred during the year. The graphs below depict the budget versus actual expenditures for the prior three years:



- Note: 1. FY16 figures are through December 31, 2015
 2. FY16 total commitments includes claims paid by the City, including a \$585,000 settlement, not handled by VACORP



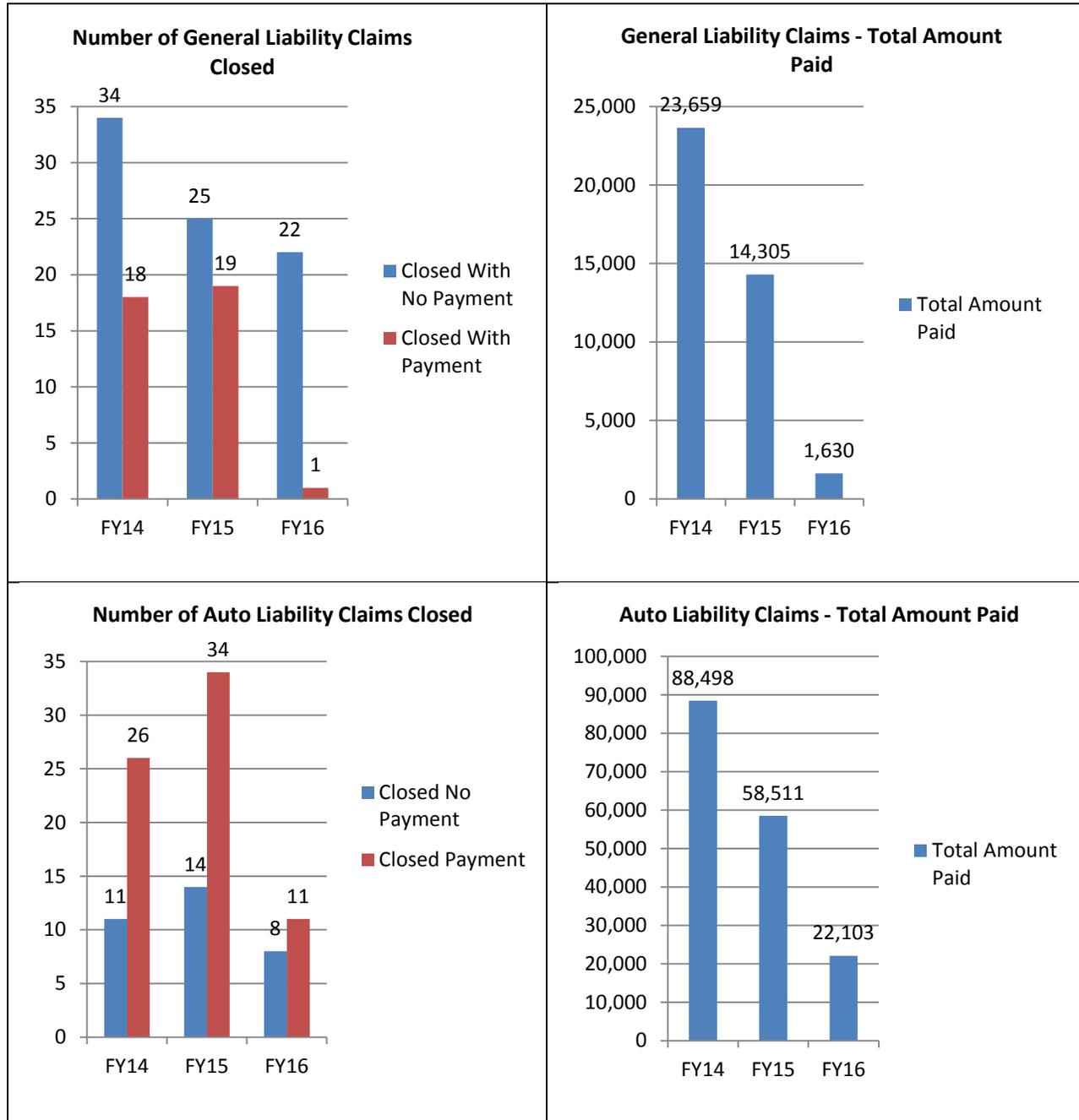
Note: FY 16 figures are through December 31, 2015

The following graphs breakdown the claim count, dollar reserves and amount paid for the last three fiscal years. FY16 is through February 29, 2016:



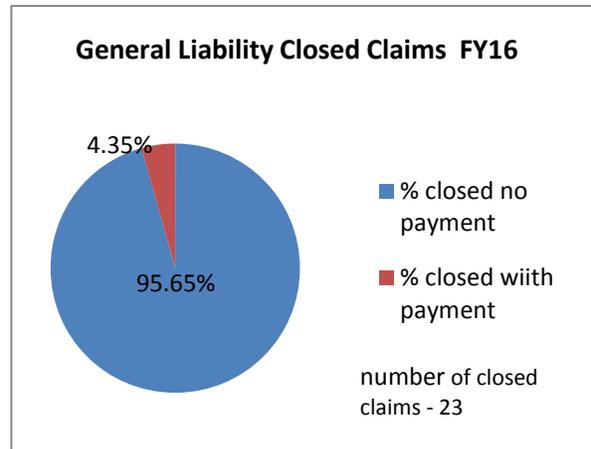
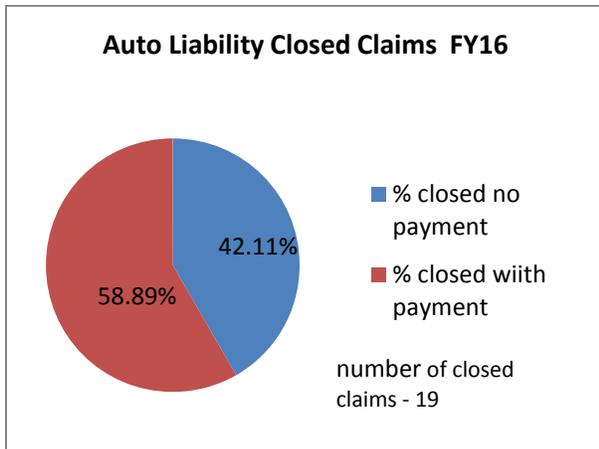
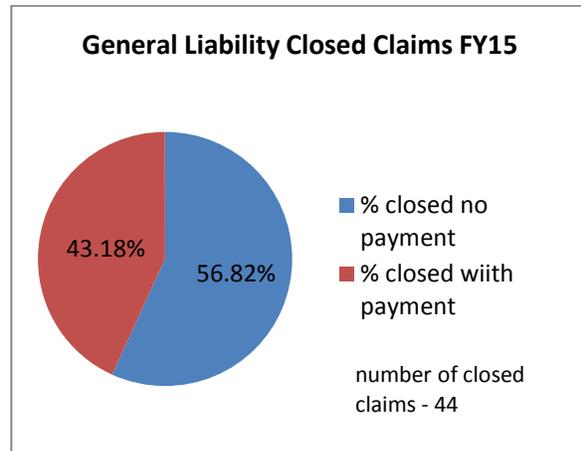
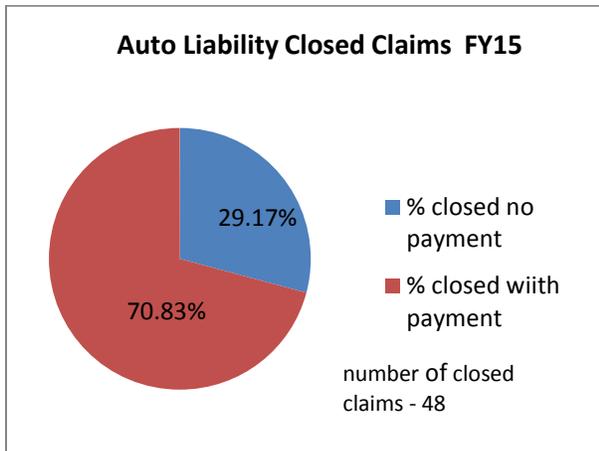
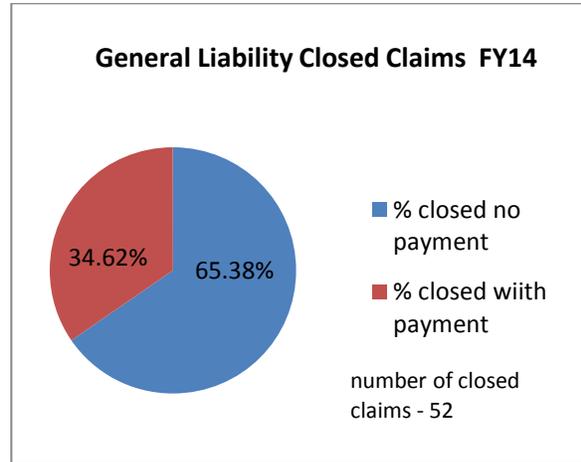
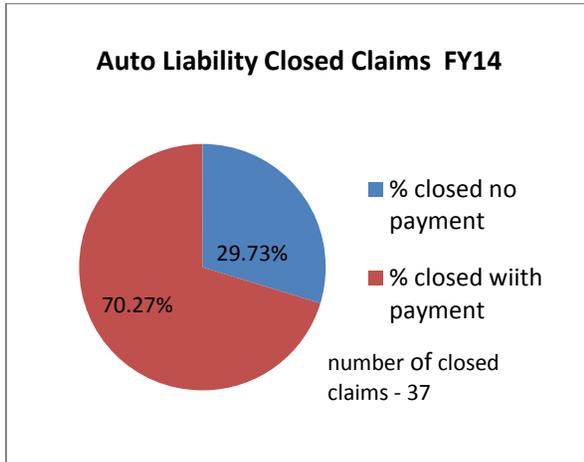
Note: FY16 closed count and paid does not include claims not handled by VACORP, including a \$585,000 payment settled by mediation through the City Attorney's office

The following charts depict the total number of claims **closed** without and with payment and total amount paid. FY16 is through February 29, 2016



Note: FY16 closed with payment count does not include a \$585,000 payment settled by mediation through the City Attorney's office

The following charts depict the percentage of claims **closed** without and with payment. FY16 is through February 29, 2016



Virginia State Code 44-146.23 provides the City immunity from liability when engaged in governmental functions, as opposed to proprietary functions. A governmental function is a function which is carried out solely for the public good. A proprietary function, while carried out partially for public good, is also undertaken in order to be of special benefit to the municipal entity involved.

In general, functions which benefit:

1. members of the general public who are not necessarily residents of the municipality are considered a governmental function and are immune
2. the residents of the city are considered a propriety function and are not immune

Several municipal activities have been deemed governmental functions including:

- Providing emergency medical technician, emergency services, and providing ambulance services
- Operation and maintenance of a police force
- Operation of firefighting force, including driving to the scene of a fire
- Garbage removal
- Maintenance and operation of landfill
- Operation of a jail
- By statute, cities are only liable for gross negligence in the operation of pools, parks, playgrounds and other recreational facilities
- Snow removal during an emergency is a governmental function. The routine removal of snow in a nonemergency (not during or immediately after a severe snow storm) situation is a proprietary function

The routine maintenance of streets, sidewalks and other property are proprietary function. Once the City becomes aware of an issue (such as a pothole), action must be taken in an appropriate amount of time before they become liable for any associated losses.

Other functions performed by the Office of Risk Management include:

Safety and Loss Control Program

The Safety program has been designed to help reduce and potentially eliminate on the job injuries and provide a safe, accident-free and healthy work environment for employees and citizens that visit City facilities. Through regular training, audits and inspections, accident and incident investigations, and statistical analysis to understand loss trends, the department's professional Safety Specialist ensures compliance with the various OSHA (Occupational Safety and Health Administration) regulations.

Review of all certificates of insurance for contracts, permits and bonds

The Risk Manager reviews all certificates of insurance for all contracts, permits and bonds to ensure insurance requirements are met.

Purchase of Insurance

The City uses an insurance consultant, the Rutherford Company, to aid in the process of purchasing insurance coverage for the various City properties. Using information received by the Risk Manager regarding types and specifications of coverage needed, the consultant markets and sends quotes received from insurers back to the Risk Manager to make the decision on which policy to purchase. This decision is based on factors including self-insured retention levels, deductibles, covered limits and premium.

Americans with Disability Act of 1990 (ADA) Regulation

The ADA was passed by Congress in 1990, the nation's first comprehensive civil rights law addressing the needs of people with disabilities, prohibiting discrimination in employment, public services, public accommodations and telecommunications. The Risk Manager acts as the City ADA Compliance Officer as it relates to access to City Properties and Services who works closely with the appropriate City department to make any modifications necessary or seek other ways to resolve if a modification is not feasible.

DMV Review

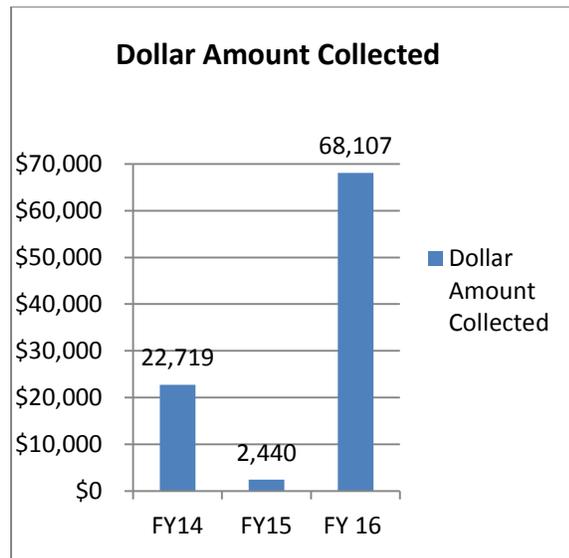
A driver qualification policy which outlines the requirements for new hires and existing employees whose job responsibilities require driving a City vehicle has been established by the Office of Risk Management. This policy includes pre-hire and subsequent annual DMV record reviews by the Office of Risk Management as well as for cause reviews.

Subrogation

Subrogation refers to an insurance company seeking reimbursement from the person or entity legally responsible for an accident after the insurer has paid out money on behalf of its insured. Because the City is self-insured, the Office of Risk Management performs the subrogation as there is no insurance company involved. Subrogation is pursued by the City when damage to City property was either fully or partially caused by another party.

The Office of Risk Management began handling all subrogation at the beginning of Fiscal year 2015. Prior to this date, some subrogation was handled by other departments which incurred the loss (i.e. Fleet, Transportation etc.).

The Office of Risk Management collected the following monies through subrogation over the last three fiscal years:



Note: FY16 is through February 12, 2016

Objective 1: Paid Claims

We reviewed the Claims Management Services contract with Virginia Association of Counties Group Self Insurance Risk Pool (VACORP) for Liability Claims Management Services effective July 1, 2015 through June 30, 2016. The contract details the terms of VACORP servicing of Automobile, General, Public Officials and Law Enforcement Claims for the annual compensation of \$30,000. The contract does not include the required retention of claim documentation or a right to audit clause.

An employee involved in a motor vehicle accident while operating a City vehicle is required to immediately stop, even when the accident appears to be minor or if no other vehicles are involved. Personnel Operating Procedure 18, Vehicular Safety, addresses proper actions to be followed, key point's including:

- Notify supervisor
- Notify Police
- Call 911 if there is an injury or danger of fire
- If possible make written notes of the details while fresh
- Immediately submit to alcohol/drug test if City employee received a moving violation, bodily injury occurred which required immediate medical treatment away from the scene, human fatality or damage which required either vehicle to be towed
- Do not give out information concerning accident except to Police, supervisor, Risk Management etc.
- Do not discuss accident with insurance agents, adjusters or attorneys on behalf of any third party without express permission of the City Attorney or Risk Management

Each City vehicle is required to have a supply of cards with directions on how to file a claim with the City for damages. A copy of this card is provided to the driver of any involved vehicle or property owner. Per State code 15.2.209 all claims must be submitted in writing within six (6) months of the incident and must include claimant name, address, phone number, details of what happened including the date and time, repair estimates and a statement asking that the City pay for damages. [See **Exhibit 1** for sample document]

Any time a City vehicle is involved in an accident, the employees Supervisor is required to complete a Vehicle Accident/Incident Claim report on the VACORP on-line system within two days of the incident. This form is used by the Office of Risk Management to track all incidents as

well as notify VACORP of potential claims and includes information such as:

- Incident type (ie. Vehicle or other property)
- date of incident
- reported date
- incident details including location/address, cause, description, vehicles involved, description of damages and information of other individuals involved including name, address and date of birth
- City personnel contact information

A claimant who wishes to file a claim against the City can either file electronically on-line by completing the claim form located on the Risk Management web page or, by submitting a written letter directly to the Office of Risk Management. All claims are reviewed by the Office of Risk Management for inclusion of all required information and forwarded to VACORP for processing.

While each claim type VACORP handles for the City follow established procedures, due to the varying nature of claims, each will have unique approaches to question resolution, information collection, investigation, liability determination, authorization and ultimate resolution. Claim investigation includes:

- Vehicle Accident/Incident-Claim report prepared by employee supervisor
- Police Incident reports review
- Discussions with the City of Roanoke, claimant and any witnesses as deemed necessary to obtain full details of the incident
- Review of written estimates and invoices for repair of damages

Authority levels have been established for each claim type handled by the VACORP adjuster as follows:

- Auto and general liability property damage - \$20,000
- Auto and general liability bodily injury - \$5,000
- Public officials and law enforcement liability - \$5,000 expense only.

Any claims over the above amount are discussed with the City Attorney's Office prior to settlement. The City Attorney will often receive claims notices that he will make the determination as to whether it will be handled by his office or by Risk Management. These claims are reported to Risk Management who in turn reports it to VACORP.

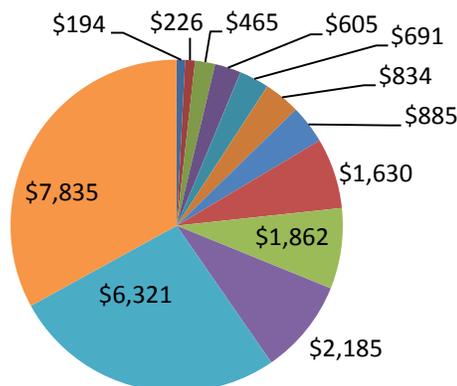
When a claim is sent to VACORP to handle, the VACORP claims adjuster develops a position of the City's liability after completing an investigation. Claims recommended for denial are submitted to a VACORP supervisor for approval by the adjuster. A written recommendation outlining the facts of the claim with payment or denial recommendation is submitted to the Risk Manager for review and approval. After obtaining approval, the VACORP adjuster pays or denies the claim:

- A denial letter detailing the facts and reason for denial is sent to the claimant.
- A release letter is sent to the claimant detailing amount of payment to be made. Upon receipt of signed release from the claimant, payment is made.

If a claim is denied, the claimant can appeal.

Between July 1, 2015 and February 29, 2016, twelve [12] claims totaling \$23,733 were paid. All claims were auto physical damage claims. The chart below depicts the payment amount of each claim.

**Paid Claims Between July 1, 2015
and February 29, 2016**



We randomly selected four [4] claims paid between July 1, 2015 and February 29, 2016.

Documentation for each claim was reviewed to determine if the facts of the claim supported the VACORP adjuster's determination of the City's liability for the loss. Although support varied for each claim it included:

- Incident reports completed by City personnel
- Written claim
- Police report
- Repair estimates
- Independent appraisal
- Photos of damage
- Documented discussions between involved parties
- Written recommendation for payment included facts of the claim to support liability
- Approval of payment by the City Risk Manager
- Signed release by claimant

(VACORP) adjusters follow established procedures to assure proper support to substantiate the amount of a loss and the City's liability. Approval is obtained from the Risk Manager prior to payment.

Objective 2: Denied Claims

The Commonwealth of Virginia along with its Counties and Cities receive sovereign immunity because of the nature of the governmental functions it performs. A municipality however, is not entitled to absolute immunity when it engages in a proprietary function and may be held liable for negligence in the exercise of the function.

Between July 1, 2015 and February 29, 2016, thirty [30] claims were denied due to lack of liability by the City. Twenty-one [21] were general liability and nine [9] were auto physical damage claims.

We randomly selected four [4] claims denied between July 1, 2015 and February 29, 2016. Documentation for each claim was reviewed to determine the facts of the claims supported the VACORP adjuster's determination of the City lack of liability for the loss. The claims were denied for various reasons including:

- City of Roanoke Police Officer was performing a governmental function
- City was not aware of hazard at the time the loss occurred
- No evidence of an incident taking place
- Location incident took place is in Roanoke County

Sufficient documentation was in file to support each denial.

When a claim is denied, the VACORP claims adjuster sends a denial letter to the claimant which includes the reason for denial. If the citizen does not agree with the denial, they may appeal. Approximately three [3] appeals are received by the City annually.

Management has discussed the pros and cons of a formal appeals process with an ultimate decision that VACORP provided an independent review of claims and that the Risk Manager provided a second opinion when needed.

Appeals are typically received by one of the following:

- VACORP (who refers to the City Risk Manager)
- City Risk Manager
- City Manager
- City Attorney or Assistant Attorney
- Director General Services
- Mayor or Council Member

All appeals are sent to the Risk Manager for reevaluation; she reviews the facts of the claim and discusses them with the citizen. A decision is then made to either confirm the denial or pay the claim.

All claims filed against the City are reviewed by a VACORP adjuster to determine liability prior to any payment. Agreement for denial is obtained from the Risk Manager prior to a denial.

SUMMARY OF MANAGEMENT ACTION PLANS

Management Action Plan - Contract	
<p>During the renewal period for the Claims Management Services contract with VACORP, we will include statements to address the time period claim documentation is to be maintained and the right of the City to audit our records.</p>	
Assigned To	Target Date
Jackie Clewis, Risk Manager	07/01/2016

ACKNOWLEDGEMENTS

We would like to thank Jackie Clewis – Risk Manager for her assistance and cooperation throughout this audit.



Ann Clark, CPA
Senior Auditor



Drew Harmon, CPA, CIA
Municipal Auditor

EXHIBIT 1

PROCEDURE FOR FILING A CLAIM WITH THE CITY OF ROANOKE

Because the City of Roanoke is a Municipality, the State of Virginia code 15.2-209 states that all claims against any municipality within the commonwealth *must* be in the form of writing.

OPTION #1 FILE CLAIM ON-LINE:

- Go to www.roanokeva.gov/riskmanagement
- Choose "File a Claim" from menu
- Complete Claim form, attach documents and Submit
- Your claim will be sent to the Office of Risk Management

OPTION #2 WRITTEN CLAIM LETTER:

In writing your claim letter, you should include the following:

- **Your Name, Address, and a Contact Number where we may reach you.**
- **What happened?** *Give as many details as possible.*
- **Where did the incident take place?** *State the exact location of the incident: physical address, street names, mile markers, landmarks. To aid in sustaining your claim you may provide photos of the exact location and surrounding areas so that the area can be easily identified.*
- **When did the incident take place?** *The exact date of the incident and an approximate time.*
- **A statement in your letter asking that the City of Roanoke pay for damages.**
- **Provide repair estimates and/or receipts on a company's letterhead.**

Make sure that you sign your claim letter and include your return address. Send the letter with supporting documents to:

**The Office of Risk Management
215 Church Ave, Room 209
Roanoke, VA 24011**

If you need assistance or have questions, call:
540-853-2450, Option #1

(The claimant has *six (6) months* from the date of the incident to file the claim against the City of Roanoke.)

MUNICIPAL AUDITING REPORT CITY OF ROANOKE



Home Rehabilitation Program Review Follow-Up March 9, 2016

Report Number: 16-012
Audit Plan Number: 16-022

*Municipal Auditing Department
Chartered 1974*

www.roanokeva.gov/auditing
Phone 540.853.5235

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AUDIT OBJECTIVES & SCOPE

Audit Objectives:

1. To determine if the 2009 Energy Efficient Housing Rehabilitation Program was appropriately closed out with the U.S. Department of Housing and Urban Development [HUD].

Yes – The Community Resources Division has entered the final program costs into HUD's integrated disbursement and information system [IDIS] and the program was closed as of November 10, 2015. Eight (8) homes were rehabilitated under this program at a total cost of \$558,629.

2. To determine if management revised the City's home rehabilitation program guidelines as promised, including a waiver process that considers:

- strategic location of the proposed project within the target area,
- potential area benefit of the rehabilitation project,
- costs to comply with applicable federal, state and local regulations,
- cost per square foot compared to similar projects.

Management also committed that the Assistant City Manager for Community Development will review and approve each waiver.

Yes – Management adopted revised guidelines effective September 1, 2015. The project cap for owner occupied homes is \$100 per square foot. This enables the Community Resources Program Administrator to approve any application with projected costs below \$100 per square foot. For example, a 2,000 square foot home could receive as much as \$200,000 in grant assistance. Should a proposed project be expected to exceed \$100 per square foot, the guidelines require completing a waiver request form documenting the basis of the decision and the Assistant City Manager's approval [**Exhibit 1**]. No applications for major home rehabilitation projects were received from September 1, 2015, through February 23, 2016.

3. To determine if employees responsible for procurement and contract management within the Community Resources Division received additional procurement training, and; if the Community Resources Division established a process to ensure per project costs and unit costs specified in professional services contracts are not exceeded.

Yes – The City's Purchasing Division confirmed that employees in the Community Resources Division received additional procurement training. The Community Resources Division utilizes a spreadsheet to track expenditures by project and phase to help ensure per project costs do not exceed the maximums stated in a contract.

4. To determine if the final EEHR project was completed within the expected costs reported in the original audit, and; if the grantee is in compliance with the loan agreement.

Yes, with Exceptions – The final project costs totaled \$258,145 and were within 2.4% of the expected cost in the original audit report.

The Community Resources Division has processes in place to monitor compliance with residency, insurance, and property maintenance requirements. We verified that the grantee was in compliance with these requirements at the time of the audit. However, we determined that the grantee has not complied with the requirement to pay personal property taxes timely.

Audit Scope:

We reviewed the status of the Community Resources Division's action plans as of February 23, 2016.

End of Audit Objectives and Scope

BACKGROUND

During the 2014 annual audit of the City's financial reports, KPMG identified concerns related to timely spending of HUD funds and related reporting of expenditures to HUD. City management prepared a letter for HUD explaining the delays in spending and asking for an extension to meet spending requirements, which HUD granted. One of the significant programs highlighted in the letter was the Energy Efficient Home Rehabilitation [EEHR] Program that the City created in 2009.

According to the letter, the city had designated \$838,452 for the EEHR program but had only completed seven (7) homes at a total cost of \$260,976 by 2014. The letter went on to state that a bid of \$194,525 was accepted to rehabilitate one final home, after which the program would be closed out. Given the acknowledged issues with timely spending and reporting, along with the sizeable cost of the project relative to the combined cost of the prior seven (7) homes, an internal audit was initiated in May of 2015.

We completed the audit and issued the final draft of the report to management on July 7, 2015. The final report, with management's action plans, was presented to the Audit Committee on September 2, 2015. Management anticipated that all action plans would be completed by September 30, 2015.

End of Background

OBJECTIVE 1 - PROGRAM DISCONTINUANCE**Management Action Plan:**

The 2009 Energy Efficient Housing Rehabilitation Program is complete and will not be continued using internal management. The City will seek proposals from responsible outside agencies to fulfill this community need. All projects in the [EEHR] program will be completed, reported to HUD, and closed out by September 30, 2015.

Completed – Yes

Overview:

The Community Resources Program Administrator and the Community Resources Program Specialist verified the EEHR Program was closed out with HUD as of November 10, 2015. We reviewed the final entries in HUD's Integrated Disbursement and Information System [IDIS] confirming the program has been closed.

We also noted that the City's HUD Entitlement Grants Annual Plan for fiscal 2015-16 does not include any rehabilitation program in which the City serves as the lead agency. We searched for active construction and construction management contracts in the City's contract database listing the Community Resources Division as the responsible department. The only active contract was the one for the final EEHR home completed in July 2015. The funding associated with the contract has been entirely expended and no further payments can be made against it.

End of Objective 1

OBJECTIVE 2 – REVISION OF PROGRAM GUIDELINES

Management Action Plan:

Revise Housing Rehabilitation Program Guidelines: As part of the City's target area transition to the Loudon-Melrose/ Orange neighborhoods, staff and management will evaluate the current financial/investment limits and parameters (per project cap) to ensure that the program guidelines are sufficient to support the anticipated level of effort to effectively rehabilitate homes in this new target area and reflect experienced and anticipated construction/ rehabilitation market and material costs. Each time a new target area is determined, the guidelines for the Housing Rehabilitation Program will be evaluated and appropriately revised to address anticipated needs identified for that target area and any market changes in costs of materials, labor and related project inputs.

Further, staff will establish objective criteria for waiving any single-project cost/ investment cap established by the guidelines. Criteria should include, but not be limited to, evaluation of the existing structural conditions of the unit, and required compliance with federal, state and local regulations associated with the unit's rehabilitation; strategic location within the target area and potential area benefit of such rehab; and relationship of anticipated cost per square foot to rehabilitate (compared to similar projects) associated with the size and scale of the housing unit as it relates to the per-project cap. A scale will be assigned to each criterion and a minimum score will be established to determine project eligibility. A verbal justification/ description for each score will be included in the tabulation.

Further, the revised guidelines will require that a request for waiving any such per project cap guideline will be made by staff of the City's Community Resources Division to the Assistant City Manager for Community Development for review. Granting of any requested waiver will be solely within the purview of the City Manager or the Assistant City Manager for Community Development.

Completed – Yes

Overview:

The Community Resources Division amended the Housing Rehabilitation Guidelines effective September 1, 2015. The amended guidelines provide for a maximum per unit subsidy of \$100 per square foot for owner-occupied homes (for example, \$200,000 for a 2,000 square foot home). The guidelines also specify a \$15,000 maximum for investor-owned properties requiring a dollar for dollar match. Management did not document the basis on which per project caps were established and we did not independently evaluate the reasonableness of the caps.

In the event that a proposed project would exceed the current caps, the revised guidelines require the Community Resources Division to document the basis for waiving the caps. The following criteria are used as a basis for the waiver, with each criterion being assigned a point value based on a scale included in the *Waiver Request Form* **[Exhibit 1]**:

- Existing structural condition as determined by a Rehabilitation Specialist
- Historic requirements for rehabilitation
- Target area impact
- Cost per square foot for rehabilitation

Each criterion requires written justification for the category score, and a total overall score is assigned to determine eligibility. The *Waiver Request Form* must be signed and dated by the Assistant City Manager for Community Development to evidence approval.

While the Community Resources Division no longer manages major rehabilitation projects internally, outside agencies may apply with the City for funding to perform major rehabilitations. These applications are subject to the revised Housing Rehabilitation Program Guidelines. We reviewed a *Detail Listing of Commitments vs. Budget Sorted By Department*, as of February 23, 2016 and confirmed that there have been no project accounts established or funded for major rehabilitation programs.

End of Objective 2

OBJECTIVE 3 – CONTRACTING FOR PROFESSIONAL SERVICES**Action Plan:**

Ensure professional services performed for a multi-activity project are tracked to the specific activity and do not exceed contractual limitations. Provide follow-up training by the City's Purchasing Division to the Community Resources Division staff on aspects of proper procurement and contract administration procedures.

Completed – Yes**Overview:**

We searched the City's Contracts and Leases Database for all active professional services contracts managed by the Community Resources Division. We identified two [2] active professional services contracts in which payments were on a phase or per project basis. We evaluated the payments made on both contracts and determined that:

- Payment requests were appropriately analyzed prior to approval for payment.
- Payments were within contracted limits.

We also confirmed via discussion with the Community Resources Program Administrator and a Senior Buyer in the Purchasing Division, that training was conducted with the Community Resources Division employees, including:

- Invitation to Bid Process
- Contract Administration
- General Purchasing Processes

End of Objective 3

Objective 4: Project Completion and Monitoring

Action Plan:

Management did not provide a specific action plan related to the final EEHR Program project that was the focus of the original audit. The project was nearly completed at the time of the audit and the total costs were expected to be \$252,051. Given the significant investment represented by the project, we decided to confirm the final costs were consistent with expected costs and that terms of the agreement with the property owner were being monitored for compliance.

Completed – Yes, with Exceptions

Overview:

The project was completed in 2015 and is currently occupied by the grant recipient. The final construction costs increased slightly [\$5,540] over the expected costs, which also increased the construction management fees by \$554. The completed project's actual cost was \$258,145 which was within the amounts provided for in the contracts.

The project was structured as a 10-year, 0% interest forgivable loan. The homeowner is not required to repay the loan if, throughout the ten (10) year loan period, she complies with the loan requirements, including:

- Occupying the home as her primary residence.
- Maintaining sufficient insurance coverage to replace or repair the rehabilitated unit should there be a storm, fire or other natural event.
- Maintaining the home in accordance with local code and neighborhood standards.
- Paying real estate and personal property taxes on a timely basis.
- Not being involved in illegal drug or firearm distribution or storage.

The Community Resources Division used the annual verification form for the down payment assistance program to document the grant recipient's compliance with the residency requirements [**Exhibit 2**]. The first request to complete the verification was mailed to the grant recipient in January and a second notice was mailed in February. The grant recipient returned the completed verification on February 22, 2016.

The insurer providing coverage on the home provides verification of coverage directly to the Community Resources Division and will provide the City with a cutoff notice should the coverage be dropped due to non-payment. A current verification of coverage form is on file for this home.

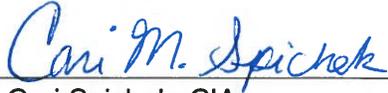
We reviewed the code violations listed for the project property and noted that no property maintenance, weeds or trash violations have been cited since construction was completed.

The grant recipient is current on her real estate taxes but has delinquent personal property taxes from 2014 and 2015 totaling \$387. The Community Resources Division has contacted the grant recipient and she has committed to pay the balance of her personal property taxes, including the assessment for tax year 2016, by the end of April.

End of Objective 4

ACKNOWLEDGEMENTS

We would like to thank the Community Resources Division, specifically Keith Holland and Crystal Hypes, for their assistance throughout this review. We would also like to thank Monica Cole, Senior Buyer, for her time and input.



Cari Spichek, CIA
Senior Auditor



Drew Harmon, CPA, CIA
Municipal Auditor

EXHIBIT 1 - WAIVER REQUEST FORM

Attachment B Waiver Request Form

Houses which cannot be safely or effectively rehabilitated under the \$100 per square foot cap may request waiver of said cap from the Assistant City Manager for Community Development. The following scale shall be used to determine whether it is in the City's best interest to invest funds over the per square foot cap in the home. The minimum total score must be 25 points in order for waiver to be granted.

Criteria	Points/Category	Points/Category	Points/Category
Existing Structural Condition (as determined by the Rehabilitation Specialist)	10 points: Moderate Structural Deficiency, not to the level of unsuitability for rehabilitation.	5 points: Minor Structural Deficiency.	0 points: No structural Deficiency.
Historic Requirements for rehabilitation	10 points: In a historic district, or district considered for inclusion on the national register, requiring historic fixtures and features.	5 points: In a neighborhood design district requiring NDD fixtures and features.	0 points: Not in a historic or NDD district.
Target Area Impact	10 points: The home is on a main thoroughfare with consistent traffic.	5 points: The home is on a side street with moderate traffic.	0 points: The home is on a dead end street or cul-de-sac and has little to no traffic.
Cost per Square Foot for Rehabilitation	10 points: \$101 – \$130 per square foot.	5 points: \$131-\$160 per square foot.	0 points: \$161 and over per square foot.

Justification for each category and the score given:

Existing Structural Condition: SCORE: ____ Justification:

Historic Requirements: SCORE: ____ Justification:

Target Area Impact: SCORE: ____ Justification:

Cost per Square Foot: SCORE: ____ Justification:

TOTAL SCORE: _____

Waiver Granted: _____

Waiver Denied: _____

Presented By: _____ (name) _____ (title)

_____ (signature) _____ (date)

Approved By: _____ (name) _____ (title)

_____ (signature) _____ (date)



Annual CDBG/HOME DPA Homeowner Verification Form

The U.S. Department of Housing and Urban Development (HUD) requires annual occupancy verifications for all participants in the Down Payment Assistance program. Failure to maintain the purchased home as the owner's principal residence (must live in the home at least 9 months out of each calendar year) may result in the forfeiture of loaned monies or foreclosure on the loan. As a result of these stipulations, which may be found in your signed deed of trust and/or promissory note, the following form must be completed yearly. Failure to complete this form may result in forfeiture or foreclosure of the loan.

To be completed by Owner:

Name: _____

Mailing Address: _____

Physical Address: _____

Certification for Calendar Year 2015.

Are all individuals named in the deed of trust currently living in the home? Yes No

Have any individuals named in the deed of trust lived outside of the purchased home in the last calendar year? Yes No

Have any individuals named in the deed of trust sold or transferred any interest in the property to another party during this calendar year? Yes No

Have any individuals named in the deed of trust rented any part of the home out to another individual or family? Yes No

Please read the following statement in its entirety and sign:

I hereby certify that the answers I have given to the above questions are true and accurate. I understand, under penalty of perjury, that if I have made any false statements I will be prosecuted to the fullest extent of the law. I further certify that I have used the home, shown as "physical address" above, as my primary residence during the above mentioned calendar year and that all conditions of my contract with the City of Roanoke have been met during this same year.

*******PLEASE PROVIDE A COPY OF YOUR LATEST UTILITY BILL*****
COMPLETE AND RETURN WITH UTILITY BILL BY FEBRUARY 12, 2016.**

Printed Name of Owner

Signature of Owner

Printed Name of HCR Rep.

Signature of HCR Rep.

**RETURN TO: City of Roanoke – HUD Community Resources
215 Church Ave., SW, Room 305 North, Roanoke, VA 24011
Fax: 540-853-6597 Email: brenda.thornton@roanokeva.gov**

MUNICIPAL AUDITING REPORT CITY OF ROANOKE



Parks and Recreation – PLAY Afterschool Program Follow-Up May 26, 2016

Report Number: 16-015
Audit Plan Number: 16-023

*Municipal Auditing Department
Chartered 1974*

www.roanokeva.gov/auditing

Phone 540.853.5235

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AUDIT OBJECTIVES & SCOPE

Audit Objectives:

1. To determine if monthly Fire and Semi-annual Shelter-in-Place drills are performed in compliance with Parks and Recreation policy.

Yes – Monthly fire drills are performed at each location in accordance with a fire drill calendar. Training for the shelter in place drill is scheduled for June 1, 2016: with a semi-annual shelter in place drill scheduled for the week of June 6, 2016. A second drill is tentatively scheduled in the late summer timeframe when there is more possibility of severe weather.

2. To determine if children are signed out of the PLAY program in compliance with the After School PLAY Parent Handbook.

No – A *daily sign-in and sign-out sheet* must be signed by the child upon arrival and by the parent or authorized person when the child is picked up. We reviewed 38 days at the Preston Park and Grandin Court locations and 55 days at Eureka between the months of February 2016 and April 2016. Each location was noted to have between 24% and 36% of days with one or more children not signed out without notation made by the PLAY staff of who picked the child up.

3. To determine if a process has been developed to ensure scheduling of annual safety inspections by the Office of Risk Management in compliance with the Parks and Recreation Risk Management Plan, and that all safety issues identified during the December 2015 inspection have been corrected.

Yes – Minor safety issues noted at Preston Park, Eureka and Grandin Court have been resolved. The Parks and Recreation department will be responsible for scheduling the annual inspection with the Office of Risk Management.

4. To determine if procedures have been implemented to ensure all PLAY program employees receive CPR/First Aid and Emergency Medication Administration training.

Yes – Roanoke City Fire-EMS has agreed to allow the Office of Risk Management to borrow the necessary equipment to assist in the CPR/First Aid training for employees in the after school program as needed and communicated by Recreation staff. Current CPR certification cards are on hand for 13 employees. The training matrix is current for all employees who have certification.

5. To determine if management has evaluated the applicability of indoor air quality best management practices for recreation centers and determined if radon or other containments should be monitored.

Yes - Radon testing will be performed at the recreation centers by September 30, 2016 with any remediation performed as necessary.

6. To determine if new PLAY employees receive appropriate training within three weeks of hire.

Yes – A concerted effort has been made to train new employees throughout the year with the development of a checklist and the establishment of a three week target date for completion of new hire orientation. Because of the limited number of positions at each PLAY location and other commitments of the staff, it has been difficult to meet the three week target date. However, the progress made by the PLAY administration staff to train new employees, deserves merit.

Audit Scope:

We reviewed the status of the Recreation department action plans as of April 28, 2016 and Environmental Management department action plan as of March 31, 2016.

End of Audit Objectives and Scope

BACKGROUND

The PLAY (Positive Learning and Adventure for Youth) program is an afterschool recreation program where children receive homework assistance, participate in enrichment activities and structured recreation, and receive general afterschool care. The program is offered at three recreation centers for children enrolled in kindergarten through fifth grade. It has a total enrollment capacity of 120 children:

The Preston Park program utilizes both the recreation center and the Preston Park Elementary School gym.

Families pay a weekly program fee of \$25 per child.

Two [2] full time Parks and Recreation department employees oversee the PLAY program. There are a total of fourteen [14] part-time staff who provide instruction and oversight at the centers. The Parks and Recreation department's goal is to have one [1] adult for every ten [10] children. When available, the department utilizes previously employed instructors and assistants to fill in during staff absences and turnover so that the 1:10 ratio is maintained.

We completed the audit and issued the final draft of the report to management on November 25, 2015. The final report, with management's action plans, was presented to the Audit Committee on December 21, 2015. Management anticipated that all action plans would be completed by March 1, 2016.

End of Background

OBJECTIVE 1 - FIRE AND SHELTER IN PLACE DRILLS

Management Action Plan:

Drills were held at each location but were not properly documented by staff. A calendar of scheduled dates will be developed and distributed to site supervisors. The Recreation Program Supervisor will confirm drills are held and verify documentation is completed on the day of the drill. Drills have been held in October and November 2015 at all locations and documents completed. The drill calendar will be completed by December 18, 2015.

Completed – Yes

Overview:

A fire drill schedule has been developed for each After School PLAY program location. Monthly flyers are distributed to each center with the date the drill is to be conducted. Results of the drill, including:

- details of the number of children evacuated,
- length of time to complete,
- condition simulated (such as fire) and
- any issues encountered

are documented on the Emergency Drill form which are maintained on file at each location.

Using the current fire drill schedule, we haphazardly selected three months for each of the four PLAY locations. An Emergency Drill form was on file to verify the completion of each drill. Evidence of supervisor confirmation that drills were completed as prescribed was materially noted.

Training for the shelter in place drill is scheduled for June 1, 2016 during the annual Summer PLAY Orientation training session. A semi-annual shelter in place drill is scheduled for the week of June 6, 2016, with a second drill tentatively scheduled in the late summer timeframe when there is more possibility of severe weather.

End of Objective 1

OBJECTIVE 2 – CHILD PICK-UP PROCEDURES

Management Action Plan:

Staff on site will continue to remind parents to sign their child out and will attempt to post themselves where they make sure this is being done; depending upon activities and staffing levels. In the event a parent does not sign out, at the end of the day staff will make note of this on the sign out form, initial that the child was picked up, and re-educate the parent the next time they come for pick up. Staff will be re-trained on this issue by December 7, 2015.

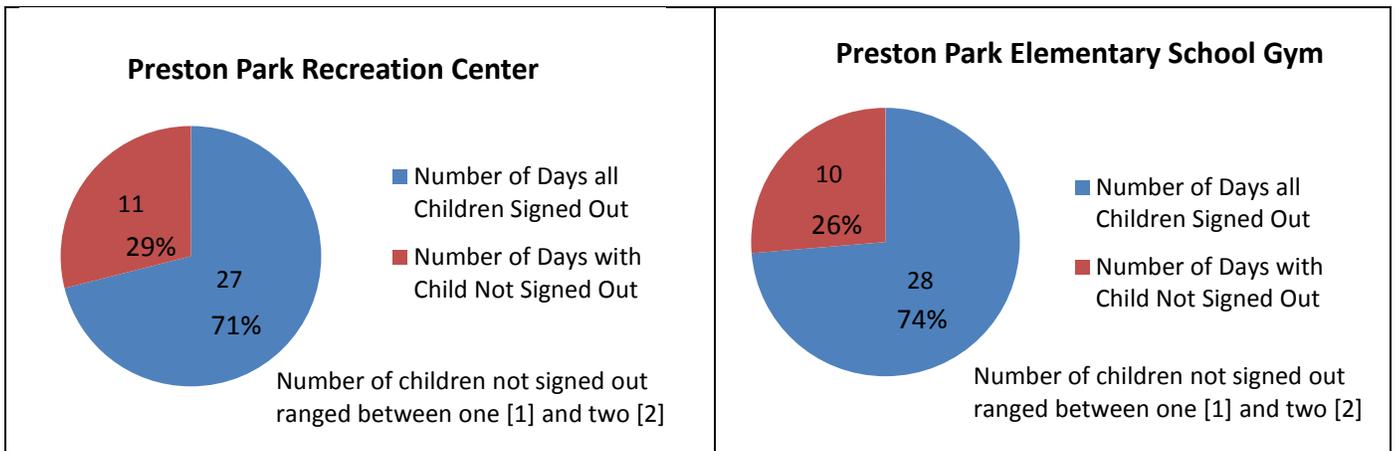
Completed – No

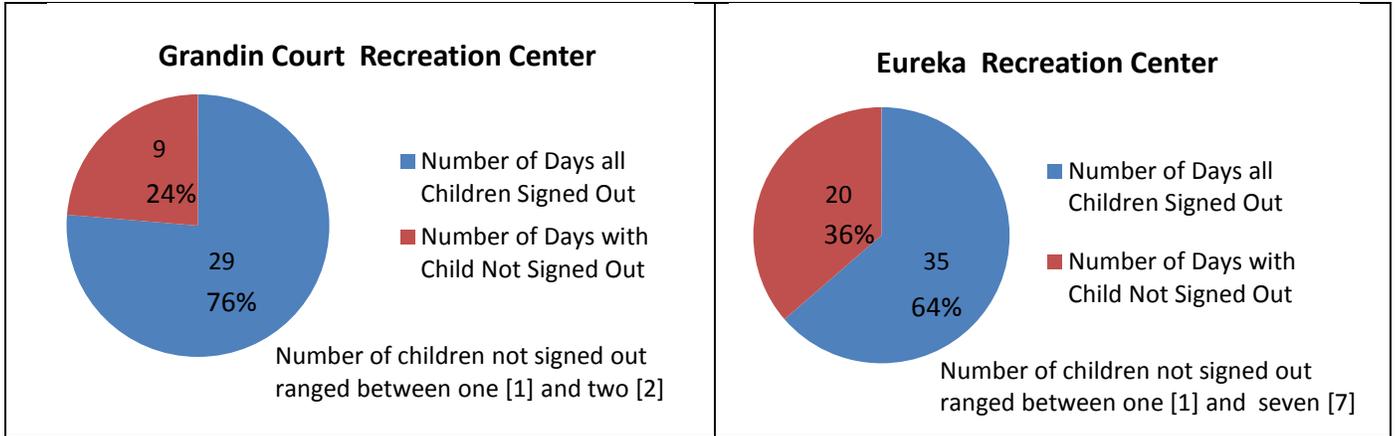
Overview:

Upon registration, the parent is provided with an After School PLAY Parent Handbook. This handbook includes a statement which indicates “All children must be picked up inside the site, signed out at the time they are picked up and escorted from the building by the person to who they are released”.

Upon arrival at the center, all children sign in on a *daily sign-in and sign-out sheet*. Individuals arriving at the center to pick up a child are required to sign and note the current time next to the child’s name and escort the child from the building.

We reviewed the *daily sign-in and sign-out sheets* for the months of February and March 2016, a total of 38 days at each program site. Due to the number of children per day noted as not being signed out at Eureka Recreation Center we expanded our review to include April 2016 for a total of 55 days. Results of the review are shown in the charts below.





End of Objective 2

OBJECTIVE 3 – ANNUAL RECREATION CENTER SAFETY INSPECTIONS**Management Action Plan:**

This audit revealed some confusion as to which department is responsible for scheduling and tracking the annual safety inspections. Based upon discussions between Melida McKee, Recreation Coordinator and Jackie Clewis, Risk Manager, it has been determined that the Office of Risk Management will be responsible for performing the safety inspections. The Recreation Coordinator will be responsible for scheduling these annual inspections with Risk Management. Inspections at the three locations used for the After School programs were conducted by Gene Pritts, Safety Specialist, on December 5, 2015; no results available at this time. The target date, January 8, 2016, reflects when necessary repairs will be scheduled or corrected for any issues found during inspections.

Completed – Yes**Overview:**

The Parks and Recreation department's *Risk Management Manual* specifies that each recreation center will undergo an annual safety inspection. The Office of Risk Management is the department designated to perform the annual inspection. The inspections are based on the health and safety standards set forth by OSHA, with the results communicated in a written report with recommendations and target dates for corrective action.

The 2015 Annual Safety Inspections for the three recreation center locations, Preston Park, Eureka and Grandin Court, which host the After School PLAY program, were performed during December 2015 by the Office of Risk Management. Minor electrical safety issues were noted at each location, all of which have been resolved.

The Parks and Recreation department will be responsible for scheduling the annual inspection with the Office of Risk Management.

End of Objective 3

Objective 4: CPR / FIRST AID / EMERGENCY MEDICATION ADMINISTRATION TRAINING**Management Action Plan:**

Staff records will be updated to include a copy of their certification card and certification dates will be entered in the Employee Training database by the Recreation Division Safety Coordinator. A separate file will be maintained in the office of the Recreation Coordinator at Preston. Staff that are currently certified but have no card on file will be asked to produce a card so that a copy can be made. This includes six [6] staff that was certified by the Risk Management instructor in June 2014. A new employee who came to employment already certified had a copy of her certification placed in her personnel file as of December 1, 2015. Four [4] staff attended and passed classes held on November 9 and 12, 2015; cards received and copied on November 30, 2015.

Jackie Clewis, Risk Manager, reports that the current Employee Training database is scheduled to be changed during the HR/Payroll System upgrade. The City will be adding a new training module that will replace the Employee Training Database. She reports that each Department's Safety Coordinator is to update training information in the Employment Training database. The Recreation Division has not had a Safety Coordinator since May 2015, when Michael Clark, Parks and Recreation Manager resigned. Steve Buschor, Director, will assign responsibility for updating the database to a staff person. The Office of Risk Management will be purchasing equipment to conduct CPR/First Aid/Emergency Medication Administering training by spring 2016. The Recreation Coordinator will be responsible for contacting Risk Management to schedule training for After School/summer staff. The December 18, 2015 target date reflects when documentation will be received from staff that was certified in June 2014 for two years.

Completed – Yes

Overview:

The Parks and Recreation department provides CPR and first aid training for all PLAY program employees. A certification card is provided to the employee upon completion, with a copy placed in the employee personnel file. A training matrix is used to track completion and expiration of the certification. The Office of Risk Management and Department of Technology are currently evaluating a training module in the Lawson Payroll system.

Roanoke City Fire-EMS has agreed to allow the Office of Risk Management to borrow the necessary equipment to assist in the CPR/First Aid training for employees in the after school program as needed and communicated by Recreation staff.

There are 14 current employees in the program:

- Nine [9] employees were noted as having CPR/First Aid cards on file during prior audit and were not included in the current review.
- Two [2] employees with no card on file in the prior audit have a current card on file.
- One [1] employee with no card on file in the prior audit is locating her certification card for the class taken prior to her employment in the PLAY program. There is at least one other individual at the site who is certified.
- Two [2] new employees hired since the prior audit have a current CPR card on file.

The responsibility for updating the database has been assigned to the Parks and Recreation Coordinator. The training matrix is current for all employees who have certification.

End of Objective 4

Objective 5: RADON TESTING**Management Action Plan:**

The Assistant City Manager for Community Development, Assistant City Manager for City Operations, Director of Parks & Recreation, and Environmental Administrator will evaluate the applicability of indoor air quality best management practices for recreation centers and determine if radon or other gases, particulates, or microbial contaminants should be monitored. The target date is March 31, 2016.

Completed – Yes**Overview:**

Radon is a radioactive, colorless, odorless and tasteless naturally occurring gas which can accumulate to higher than normal concentrations in buildings, especially in low areas such as basements and crawl spaces. Studies have shown a clear link between breathing high concentrations of radon and incidence of lung cancer. The City has not measured the concentration of radon gas in the recreation centers used for the PLAY afterschool program.

Radon testing will be done at the recreation centers by September 30, 2016 to assess the existence of gases. Remediation will be performed as necessary.

End of Objective 5

Objective 6: NEW STAFF TRAINING

Management Action Plan:

A new employee orientation check list will be developed to insure that new staff receives the correct training. The checklist will be developed and approved by December 18, 2015. The new staff will be permitted to begin work learning some parts of the job “hands on” under the supervision of full time staff or a Recreation Instructor. Packets of information presented by outside agencies at the summer orientation week will be given to the new employee to review and will be discussed with full time staff. As hiring happens throughout the year, new staff training will be ongoing with the target to complete checklist within three weeks of an employee’s start date.

Completed – Yes

Overview:

Each new PLAY employee receives a comprehensive staff handbook that communicates many of the fundamental policies and processes of the City, the Parks and Recreation department and the PLAY program. The following is a sample of the topics covered:

- Department Mission, Vision, and Values
- Emergency Contact List
- Staff Training
- Personal Conduct
- Telephone Etiquette
- Customer Service
- Dress Code
- Staff Duties
- Participant Behavior Guidelines
- Reporting Abuse and Neglect
- Playground Safety Plan
- Natural Disasters

The Parks and Recreation department conducts a four day annual orientation for all PLAY employees prior to the start of the Summer PLAY program. The orientation covers much of the information in the staff handbook. Presenters at the 2015 orientation included representatives from Risk Management, Human Resources, Social Services, Emergency Management, the Department of Health, and Blue Ridge Behavioral Health. The orientation included safe food handling, child development, conflict resolution, and various other relevant topics. The 2016 annual orientation is scheduled for the week of May 31, 2016. Because the majority of the summer program employees’ transition to working in the afterschool program in the fall, management does not conduct a fall orientation. PLAY employees who are hired after the

annual orientation receive the handbook and are provided orientation on the job by the Recreation Program Supervisor. A checklist which mirrors the annual orientation topics has been developed and is used as a guide to ensure all training topics are covered. The completion of the checklist is targeted to be completed within three weeks of employment.

We reviewed the checklist for the three employees hired between January 1, 2016 and March 31, 2016. The checklist for two employees hired in March 2016 was substantially completed. The majority of the training topics on the checklist for the employee hired in February 2016 were not marked as completed; however, discussions with PLAY personnel indicated training was in fact substantially completed.

A concerted effort has been made to train new employees throughout the year with the development of the checklist and the establishment of a three week target date for completion of new hire orientation. Because of the limited number of positions at each PLAY location and other commitments of the staff, it has been difficult to meet the three week target date. However, the progress made by the PLAY administration staff to train new employees, deserves merit.

End of Objective 6

Summary of Management Action Plan

Management Action Plan – Child Pick Up	
<p>Signs will be posted at all locations to remind parents to sign child out. Staff on site will continue to remind parents to sign their child out when staff opens the door for the parent (doors are locked during the program hours) and will attempt to post themselves where they make sure this is being done; depending upon activities and staffing levels. At the end of the day staff will review the sign out sheets, will make note of any child who was not signed out by parent, will document who picked up the child, and initial. Once per week, the Recreation Program Supervisor or Recreation Coordinator will review sign out sheets to insure this procedure is being followed. If not, staff will be re-educated as well as the parent the next time they come for pick up. Staff will be trained on this topic during formal training sessions. Target date allows for the fall staff training and three weeks of fall season operations.</p>	
Assigned To	Target Date
Vickie Briggs, Recreation Program Supervisor	9/2/16

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Ann Clark, CPA
Senior Auditor



Drew Harmon, CPA, CIA
Municipal Auditor