

AGENDA  
Audit Committee of Roanoke City Council  
September 7, 2016 - 4:00 PM to 6:00 PM  
Noel C. Taylor Municipal Building - Room 451 South

1. Call To Order  
Mr. Bestpith 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  
Mr. Bestpith will ask if members of the committee have any changes to the minutes.
3. Transportation - Right Of Way Maintenance Audit  
Audit to determine if right of way maintenance employees are operating safely, effectively managing cycle time performance, and appropriately monitoring contracted services.

Documents:

[REPORT 17-002 ROW.PDF](#)

4. Records Storage Services Review  
Audit to verify vendor has complied with certain terms related to offsite storage of city records.

Documents:

[RECORDS STORAGE SVCS.PDF](#)

5. Follow Up Audit - General Liability Claims  
Verified that action plans from the original audit were completed

Documents:

[RISK MANAGEMENT FOLLOW UP.PDF](#)

6. Citizen-Centric Revenues  
Update on project to improve tax assessment and collections processes through realignment of responsibilities and implementation of a more fully integrated revenue system.

Documents:

[CITIZEN CENTRIC REVENUES.PDF](#)

7. Annual Report For Year Ending June 30, 2016  
An overview of the work of the Audit Committee and the Auditing Department for the year ending June 30, 2016.

Documents:

[2016 CONSOLIDATED ANNUAL RPT.PDF](#)

8. Hotline Update  
Overview of hotline activity with synopses of recently closed reports.

Documents:

9. Other Business

Mr. Bestpitch will ask if members of the committee or staff have any other business to bring before the committee.

10. Adjournment

Mr. Bestpitch will adjourn the meeting.

# MUNICIPAL AUDITING REPORT CITY OF ROANOKE



## Transportation Right-of-Way Maintenance August 8, 2016

Report Number: 17-002

Audit Plan Number: 16-024

*Municipal Auditing Department*

*Chartered 1974*

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## AUDIT OBJECTIVES & SCOPE

### Audit Objectives:

1. To determine if the City's landscape and right of way maintenance employees safely perform their work.

**Yes** – The City's Office of Risk Management evaluated workplace hazards for landscaping and right of way maintenance employees in 2015. The Transportation Division requires that employees utilize appropriate personal protective equipment [PPE] that meets or exceeds the requirements set out by the Occupational Safety and Health Administration [OSHA] based on the identified hazards. In addition to regular guidance provided by crew leaders while on the job site, employees attend monthly safety presentations provided by the City's Safety Specialist. Two (2) Crew Supervisors are responsible for conducting regular, random site inspections to ensure employees are working safely, including appropriate signage and PPE.

2. To determine if the City's landscape and right of way maintenance crews are effectively meeting established cycle times for mowing, trimming and weed control.

**Yes** – There are three (3) Trim crews and one (1) Ventrac crew who maintain 134 sites over a 14 day cycle. One (1) Tractor crew maintains over 700 steep slope and large median areas over a 28 day cycle. A Weed Seeker crew abates weeds at 282 sites monthly and performs plant and shrub maintenance at six (6) locations. Crew activity is documented weekly and entered into spreadsheets to compute and report cycle times. Average cycle times for the Trim and Ventrac crews substantially met the 14 day goal. The cycle times for the Tractor crew exceeded the 28 day goal from April through June. One (1) seasonal position was unfilled during this time.

3. To determine if contracted landscape maintenance crews meet established contract specifications.

**Yes** – The City's Crew Supervisors regularly visit all sites assigned to contractors and grade the quality of each contractors' work. Performance is documented on the Landscape Areas Maintained spreadsheets. Contractor services and associated payments were consistent with the signed contracts.

### Audit Scope:

We reviewed the safety, cycle time, and contractor performance monitoring processes established by the Transportation Division and the Office of Risk Management for landscape and right of way maintenance employees as of April 30, 2016. We surveyed employees as of June 9, 2016, and observed crews working on June 29, 2016. Our sample testing of safety

inspection and cycle time records covered April 11, 2016 through June 30, 2016. Our test of OSHA training completed by a sample of employees covered July 1, 2015, through June 30, 2016.

**End of Audit Objectives & Scope**

## BACKGROUND

The Transportation Division is primarily responsible for maintaining and improving the appearance, ride-ability, and safety of the City's streets and rights of way. The Division strives to create a safe and attractive environment for all right of way users by providing appropriate pedestrian and bicycle accommodations, smooth surfaces, good drainage, as well as appropriate traffic signs and markings.

The Division's Landscape Maintenance group is responsible for maintaining the City's medians and rights of way [ROW] including:

- Mowing
- Controlling and abating weeds
- Maintaining turf
- Collecting litter
- Mulching
- Pruning

It also manages a number of vacant properties purchased by the Roanoke Redevelopment and Housing Authority on behalf of the City.

The Landscape Maintenance group employs 19 permanent and ten (10) seasonal employees full time from April through November of each year. These employees are organized into six (6) crews:

- Three (3) trim crews are responsible for mowing and edging the turf, as well as collecting litter. These crews use walk-behind mowers, weed-eaters, blowers, Ventrac mowers, and zero turn mowers.
- One (1) weed seeker crew is responsible for spraying and pulling weeds, edging, planting, collecting litter and limited mowing in medians. The crew uses walk-behind mowers, weed-eaters, blowers, and zero turn mowers.
- One (1) ROW tractor crew is responsible for larger sloped areas, areas with heavier brush and areas behind guardrails that other crews cannot reach. This crew uses large tractors with A-Boom and Sidehog attachments.
- One (1) Ventrac crew is responsible for mowing and trim work of smaller but steeper areas that aren't well suited to the trim crews or tractor crew. The crew uses walk-behind mowers, weed-eaters, blowers, zero turn mowers, and the 8-wheeled Ventrac with a 72-inch cut.

Each crew has a crew leader who directs the work and oversees crew performance. Two (2) Crew Supervisors coordinate the work of the crews, monitor compliance with safety protocols and performance standards, and fill in when crews are short-staffed. A Landscape Coordinator

oversees the entire group and reports to the Manager of Transportation.

The Landscape Maintenance group also operates an Outdoor Power Equipment [OPE] Shop that maintains and repairs the tools and equipment used by the median and ROW landscape crews, as well as Parks and Recreation, and the Stormwater Division. The OPE Shop also services tools and small equipment used by other City departments when requested.

The three (3) Trim crews and the Ventrac crew maintain a total of 134 sites on a 14-day cycle. The ROW tractor crew mows more than 700 rough and steep slope areas between City streets and adjoining private parcels on a 28-day cycle. The Weed Seeker crew focuses on weed abatement once per month at 282 sites including concrete medians, turn lanes, bridge decks, full and partial blocks of brick sidewalks and 1,400 mulch tree rings. Crews also perform traditional landscaping activities such as turf grass fertilization of medians and rights of way, as well as plant and shrub maintenance at the following locations:

1. Martin Luther King, Jr. Memorial
2. Valley View Boulevard
3. Crystal Spring Village Center
4. Williamson Road Medians
5. Public Works Service Center
6. Municipal Building Green Roof

The Transportation Division also oversees the following contracts for landscape maintenance and mowing:

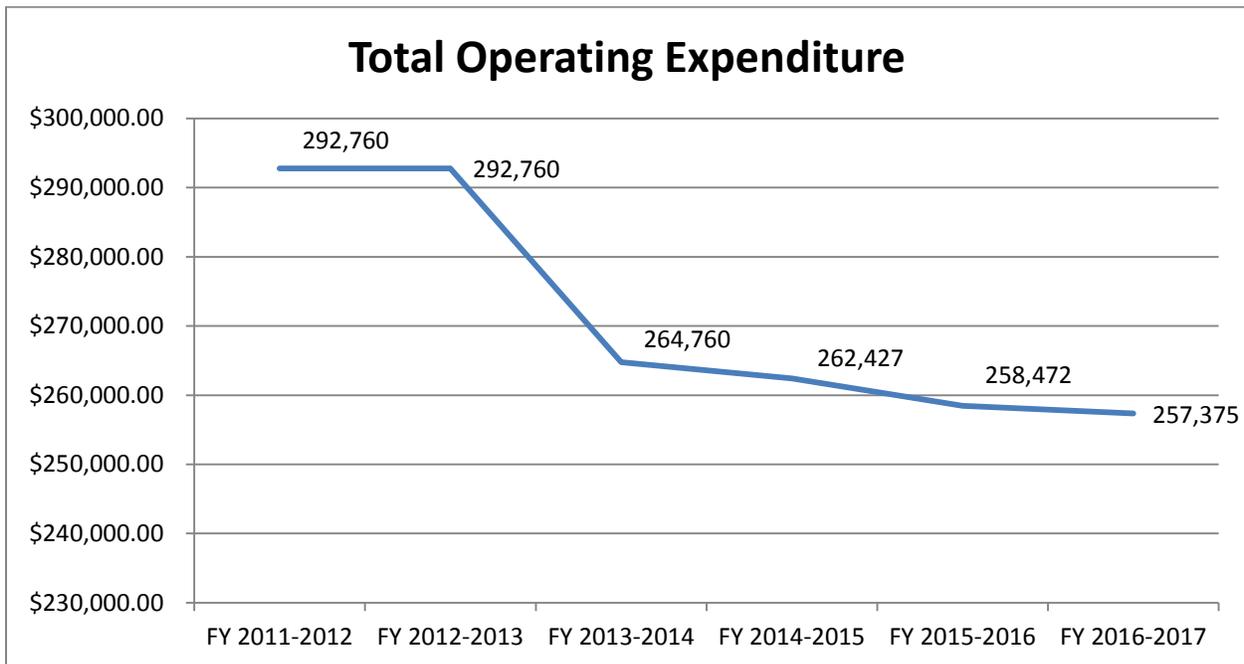
- Creative Nursery and Landscapes – landscape maintenance to the I-581 interchange at Orange Avenue **[\$10,800 annually]**
- One Earth Landscapes – turf grass maintenance for Roanoke Redevelopment & Housing Authority [RRHA] lots (various lots on Orange, Cherry, Hackley, Gilmer, and Shenandoah Avenues, and 5<sup>th</sup> Street) **[\$5,070 annually]**
- M & M Grounds Management – turf grass maintenance and mowing at Roanoke Centre for Industry & Technology (RCIT) **[\$46,640 annually]**

Several key personnel in the Landscape Maintenance group maintain certifications or permits which are required by the Virginia Department of Agriculture and Consumer Services [VDACS]. These include a contractor applicator permit, which is required by Virginia Fertilizer Law, for any person or business that distributes or applies any specialty fertilizer, soil amendment, or horticultural growing medium, and a fertilizer application certification for the use of pesticides. The Landscape Coordinator, both Crew Supervisors and five (5) of the six (6) Crew Leaders currently maintain the contractor applicator permit and the fertilizer application certification. The Landscape Coordinator is also a Certified Grounds Manager, and according to the Professional

Grounds Management Society website, there are currently only 88 Certified Grounds Managers in good standing. These certifications and designations demonstrate a commitment to professionalism that helps ensure effective and efficient operations.

The 2015 City of Roanoke Citizen’s Survey reported that 97% of citizens considered the mowing of the City’s rights of way, street medians, and roadsides to be very important [65.6%] or somewhat important [31.5%]. Approximately 67% of citizens rated the City’s mowing of rights of way, street medians, and roadsides as excellent [21.8%] or good [45.3%].

Budgeted operating expenditures for the Landscape Maintenance group have trended down since FY 2013 as illustrated by the following graph:

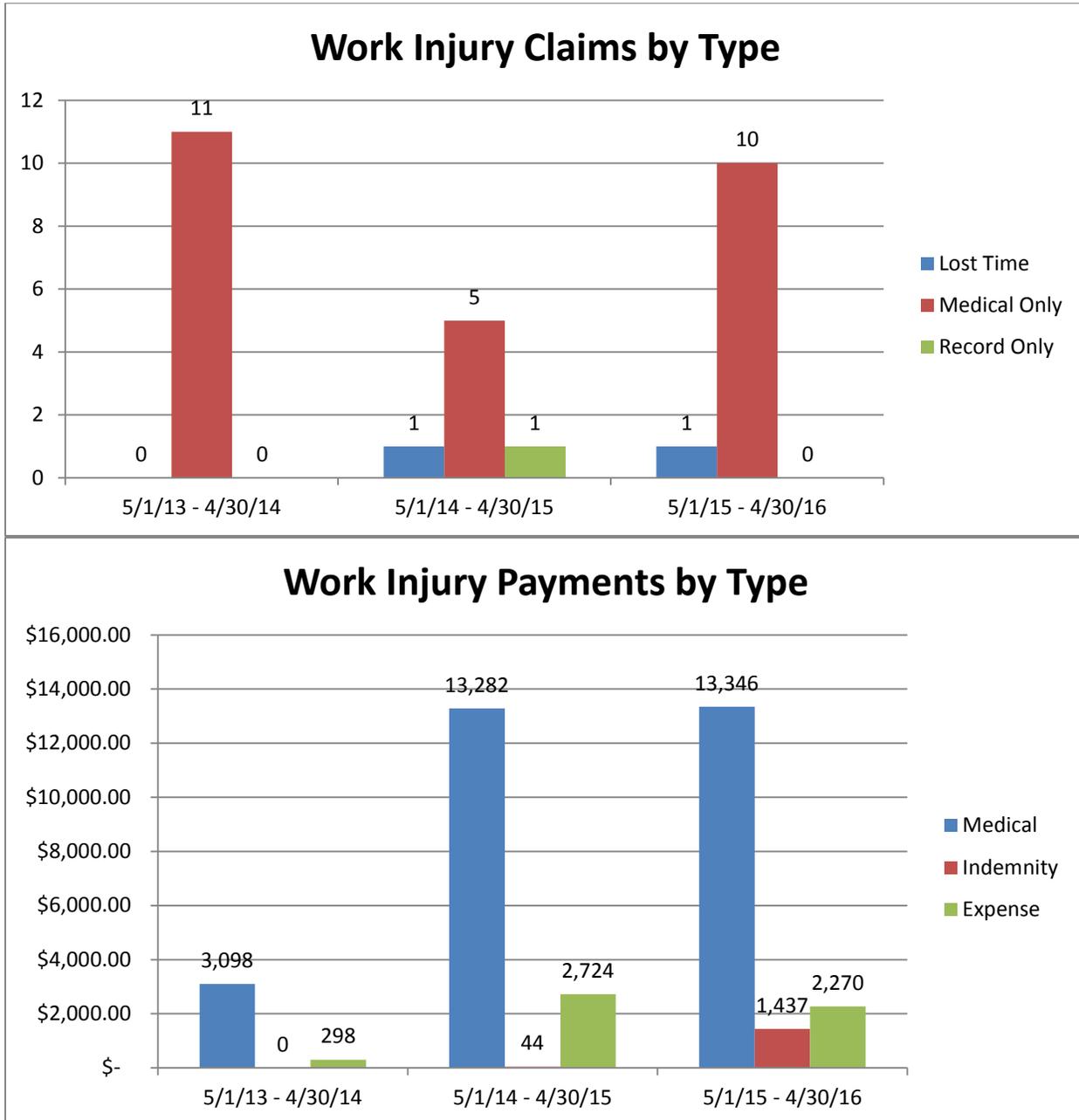


The FY 16-17 budget reflects funding to replace one of the four (4) existing Ventrac mowers at a cost of approximately \$25,000. The landscape and ROW budget also funds small equipment replacements such as lawn mowers, string mowers, and weed eaters. All large tractors and lawn mowers are purchased by the Fleet Management Division through the fleet replacement program.

In collaboration with Transportation Division management, we identified safety of staff, citizens, and personal property to be the most significant operational risk. Due to the inherently dangerous nature of the work performed and the equipment used, minimizing injuries and property damage is a top priority for the Division.

The PMA Workers' Compensation Claims reports of accidents occurring from May 1, 2013 through April 30, 2014, show that the City paid a total of \$36,500 for work-related injuries incurred by employees within the Streets and Traffic Division of Transportation.

The following two (2) charts illustrate the volume and types of work injury claims, as well as the amount paid by the City on those claims from May 1, 2013 through April 30, 2014:



End of Background

## Objective 1: Safe Performance of Tasks

### Audit Objective:

To determine if the City's landscape and right of way maintenance employees safely perform their work.

Yes

### Overview:

The Occupational Safety and Health Administration [OSHA] requires employers to assess the workplace to determine if hazards are present, or likely to be present, which necessitate the use of personal protective equipment [PPE]. Employers must protect their employees from workplace hazards such as machines and hazardous substances that can cause injury. OSHA requires employers to institute feasible engineering and work practice controls to eliminate or reduce hazards in advance of instituting the use of PPE.

The City's Safety Specialist with the Office of Risk Management stated that he assessed workplace hazards for the median and right of way landscape maintenance area in April 2015. His assessment was based on OSHA's Checklist for Establishing a PPE Program but was not documented. There were also no records on file documenting previous assessments by the Safety Specialist's predecessors.

The City issues the following PPE to all median and right of way landscape maintenance employees:

- Safety shoes [steel-toe boots - \$75 reimbursement from the City]
- Reflective vest
- Hard hat
- Ear protection
- Eye protection

Median and right of way landscape maintenance employees are trained on the proper use and care of PPE and are required to utilize the equipment while working on the job site. Training is crucial in helping to ensure that employees can correctly and safely perform their jobs. Certifications obtained by some of the full-time median and right of way landscape maintenance staff include the following:

- Basic Workzone Traffic Control [VDOT]
- Flagger [VDOT]
- Registered Technician Certification [Virginia Department of Agriculture...]
- Certified Fertilizer Applicator Permit [Virginia Department of Agriculture...]

Crew Leaders and Supervisors train each new crew member on the proper use and care of equipment and PPE prior to going out onto the jobsite. Employees are also expected to attend a monthly presentation covering OSHA specified safety topics presented by the Safety Specialist from Risk Management. Our testing indicated that the majority of median and right of way landscape maintenance employees stay current with required training. While some employees miss training due to vacation, sick leave, or based on hire date, causing them to be out of compliance for some period of time, crews collectively have the necessary experience and training to operate safely.

Crew Supervisors are responsible for monitoring compliance with safety protocols through regular field visits to observe work site setup, signage and use of PPE. Crew Supervisors document their inspections on a Crew Supervisor Weekly Report and address any observed safety violations with the crew members immediately.

We reviewed the *Weekly Reports* documenting the safety inspections performed by the Crew Supervisors from the start of the 2016 mowing season [April 11], through June 30, 2016, noting that inspections were not as frequent as expected. Crew Supervisors often work with crews that are short-handed, which prevents them from observing each crew daily. Of the inspections that were performed, the documentation suggests that all crew members were in compliance with established safety protocols.

We accompanied a Crew Supervisor during inspections on June 29, 2016, to observe for ourselves the work area signage, beacons, use of PPE, and condition of equipment. Crews were complying with all required safety protocols.

We surveyed median and right of way landscape maintenance employees to obtain their perspectives on the reliability of equipment, quality of training, and the importance of required PPE (See **Exhibits 1 and 2** for survey and results). Nineteen (19) employees participated, completing at least a portion of the written survey. Due to some surveys being incomplete and other anomalies in the responses, the results provided only general insights.

- 82% of the responses were positive (“agree” or “strongly agree”)
- Employees are safety conscious and working safely is an emphasis
- Some employees believe the condition and reliability of vehicles and power equipment need to improve

Management uses the following internal reports to document, track and monitor safety, quality and cycle time adherence:

- Weekly Crew Leader Report: Used to document crew production on a daily basis; filed weekly with the Crew Supervisor.

- Crew Supervisor Weekly Report: Used to document crew performance ratings, safety inspections, crew member absences, weather delays, and other irregularities.
- Landscape Areas Maintained Spreadsheets: Used to document the date each site was mowed and to track cycle times; reviewed by the Landscape Coordinator.

These reports and spreadsheets are critical components of the system that communicates information and enables effective monitoring of operating and compliance goals. Upon reviewing a sample of these forms, we noted that the information is not consistently recorded and not all information is utilized. This can affect the reliability of information, limit its value for decision purposes, and affect employee productivity and morale by having them document unnecessary information.

**End of Objective 1**

## Objective 2: Cycle Time Adherence

### Audit Objective:

To determine if the City's landscape and right of way maintenance crews are effectively meeting established cycle times for mowing, trimming and weed control.

Yes

### Overview:

The Transportation Division established cycle times for mowing and landscaping based primarily on considerations of maintaining safe and attractive streets, compliance with City code, and available funding. The Division's current cycle time goals are as follows:

- Right-of-Way Tractor Crew: **28 days**
- Ventrac Crew: **14 days**
- Trim Crews: **14 days**
- Weed Seeker Crews: **14 days mowing and 28 days spraying**

Key performance indicators for the Transportation Division are:

1. Adherence to established mowing cycles: **Target = 90%**
2. Adherence to maintaining turf grass under 10 inches: **Target = 90%**

Six (6) crews of city employees perform median and right of way landscape maintenance on Roanoke City properties. Each crew has a Leader who performs maintenance work, supervises the work, and completes the Weekly Crew Leader Report documenting the properties mowed.

Two (2) Crew Supervisors collect the weekly reports and enter the information for each property into the Landscape Areas Maintained spreadsheets. The spreadsheets calculate average days between mowing's and the average quality score.

At the end of each month, the Landscape Coordinator transfers applicable data from the Landscape Areas Maintained spreadsheets to the Operations Cluster Status Report. The information entered includes the following:

- Status of cycle completions for each crew
- Status of cycle time adherence for each crew
- Number of bags of litter collected
- Number of QAlert requests completed
- Training courses/certifications completed
- Preventive maintenance and repairs completed by the Outdoor Power Equipment shop

The Operations Cluster Status Report is used to communicate key operational activity in the Transportation Division, including landscaping and right of way maintenance, to the City Manager's Office.

We reviewed the Landscape Areas Maintained spreadsheets from the start of the 2016 mowing season [April 11] through June 30, 2016, to determine whether City landscape maintenance crews met the established cycle times. The majority of average cycle times for crews, other than the Tractor Crew, were in line with established goals, with minimal overages. The Tractor Crew substantially exceeded its 28 day goal for the first mowing cycle. Based on our discussions with management and our review of the 2015 cycle times, the time required to on-board and train new or seasonal employees and the accelerated growth rate of grass in early spring requires more time to complete each property leading to longer cycle times. Cycle times improve as the year progresses.

There are a number of variables that can impact crew productivity and affect cycle time performance, including:

- Equipment availability
- Equipment performance
- Staff availability
- Staff performance [re-work]
- Weather
- Special event priorities

The Transportation Division operates its own repair shop, frequently referred to as the outdoor power equipment [OPE] or Tractor Shop. During the months of December and January, the OPE shop services all the tractors, mowers, and power equipment in preparation for the spring mowing season. During the mowing season from April through September, the OPE shop is primarily focused on repairs so that crew productivity is not impacted. As time permits, the OPE shop performs preventive maintenance on mowers and tractors that have exceeded 100 running hours since their last service. This 100-hour maintenance includes the following:

- Oil and filter change
- Air filter check and replacement if needed
- General observation to identify repairs/maintenance needed

The OPE shop uses the Fleet Management Division's work order system [FASTER] to record labor and parts used on OPE shop repairs. While OPE shop functions were not included in the scope of this audit, we did obtain access to the FASTER system to learn more about its functionality and to review work order activity. A future audit of the FASTER system and the OPE shop will be scheduled.

All equipment operators on the crews are expected to inspect their equipment daily and perform minor repairs / preventive maintenance weekly. This preventive maintenance entails checking and sharpening blades if needed, checking fuel levels, and thoroughly cleaning all equipment. The Crew Supervisors monitor crew compliance with the preventive maintenance protocols and document results on the Crew Supervisor Weekly Reports.

**End of Objective 2**

### Objective 3: Contractor Performance

#### Audit Objective:

To determine if contracted landscape maintenance crews meet established contract specifications.

Yes

#### Overview:

The City currently has agreements on file with three (3) contractors for median and right of way landscape maintenance work:

1. Creative Nursery and Landscapes, Inc.
  - a. Northeast exterior quadrant of the I-581 interchange at Orange Avenue
2. Grounds Management Services of Roanoke, Inc. [DBA One Earth Landscapes]
  - a. Contract #1: Roanoke Regional Housing Authority [RRHA] lots
  - b. Contract #2: Various other lots throughout the City
3. M & M Grounds Maintenance, LLC
  - a. Roanoke Centre for Industry & Technology [RCIT] lots

The City has worked with all three (3) contractors for several years, and agreements have been renewed with each of them accordingly.

Contracts negotiated for median and right of way landscape maintenance work include a "Scope of Work" section which details the various responsibilities of the contractor including how often the contracted services must be performed and particular project specifications. Each contract identifies the specific properties the contractor is to service, how often the contractor should invoice work, and an amount which cannot be exceeded for the contract year. The two (2) contracts with One Earth Landscapes also specify an amount which cannot be exceeded per mowing cycle.

The Crew Supervisors monitor contractor performance through regular inspections of the properties. They visit each property after work is completed, record the date completed and assign a quality score using a 100 point scale using criteria such as:

- litter removal
- turf grass height and condition
- weed control
- mulch quality
- pruning

Any rating less than 80 requires correction before the Crew Supervisor will approve the invoice for payment. One Crew Supervisor monitors Creative Nursery and Landscapes, Inc. and M & M Grounds Maintenance, while the other Crew Supervisor monitors One Earth Landscapes.

The Crew Supervisor tracks the average cycle time to ensure contractors are meeting the City's requirements. They also review contractor invoices, verifying service dates are correct and quality standards were met before approving payment.

We reviewed the Crew Supervisors' monitoring records and contractor invoices for work performed for the 2016 mowing season [April 11 through June 30, 2016]. Contractor performance was consistently in compliance with contract specifications and appropriately monitored by the Crew Supervisors. We also concluded that contractors are paid in accordance with the contract and only for work satisfactorily completed.

**End of Objective 3**

**SUMMARY OF MANAGEMENT ACTION PLANS**

<b>Management Action Plan – Safety Inspections</b>	
Management’s Response:	
<p>Management will perform safety inspections on at least a weekly basis and revise the weekly reports to record only the date and time the supervisors perform their crew’s safety inspections. The landscape coordinator will periodically review the crew supervisor’s weekly reports to assure the safety inspections are being performed according to department procedures.</p>	
<b>Assigned To</b>	<b>Target Date</b>
George Bradney and Jerrald Beheler, Crew Supervisors (Maintenance Technician IV’s)	12/01/16

<b>Management Action Plan – Crew Report Documentation</b>	
Management’s Response:	
<p>Management will review the internal crew weekly reports and spreadsheets and make revisions to track only data needed to ensure goals and employee performance standards are achieved. Management will also communicate and explain expectations to landscape maintenance employees as to why this data is collected and relevant. These reports will also be reviewed by management as needed.</p>	
<b>Assigned To</b>	<b>Target Date</b>
George Bradney and Jerrald Beheler, Crew Supervisors (Maintenance Technician IV’s)	12/01/16

<b>Management Action Plan – OSHA-Required Training</b>	
Management’s Response:	
<p>We agree that all employees including newly hired employees and those who miss scheduled training need to complete the required OSHA training in a timely manner. The Manager of Transportation and Landscape Coordinator will ensure attendance and proper documentation of training.</p> <p>Suggestions for ensuring completion of training include having employees participate in an upcoming training session conducted by the safety specialist for other Divisions and providing the required training documents in an online format for review by individual employees.</p>	
<b>Assigned To</b>	<b>Target Date</b>
Mark Jamison, Transportation Manager and Bob Boeren, Landscape Coordinator	3/01/17

**Management Action Plan – Closing Work Orders in FASTER**

Management’s Response:

Management will work towards a goal of closing out work orders in the Faster system in the Outdoor Power Equipment (OPE) shop at the end of the business day or by the next morning. Management is not of the opinion that the Active Work Order by Shop report is necessary to manage workload and determine excessive downtime. The majority of repair efforts occur the same day while the operator waits on a particular piece of equipment. The OPE shop supervisor currently manages daily workload effectively and communicates directly with each department as to the repair status of their equipment.

<b>Assigned To</b>	<b>Target Date</b>
Chris Eanes, OPE Shop Supervisor (Maintenance Technician IV)	3/01/17

**ACKNOWLEDGEMENTS**

We would like to thank Mark Jamison and Bob Boeren for their assistance and cooperation throughout this audit. We would also like to thank Crew Supervisors Jerrald Beheler, George Bradney, and Christopher Eanes for their assistance and cooperation during the audit. We are also thankful to the Office of Risk Management for their time and cooperation during this audit.



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Cari M. Spichek, CIA  
Senior Auditor



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Drew Harmon, CPA, CIA  
Municipal Auditor

## EXHIBIT 1 – ROW Employee Survey

The Roanoke City Municipal Auditor's office is currently performing an audit of Roanoke City Median and Right-of-Way Landscape Maintenance. We want to understand crew member perspectives regarding safety protocols, safety training, and the safety/reliability of the equipment used. Please complete this brief survey by entering your response (1,2,3,4 or 5) in the box provided, add any comments you feel are necessary, and return to the Auditor on-site when complete. This survey should take about 5-10 minutes to complete, and will remain completely anonymous. Please note that there are questions on the front and back of the sheet.

### Scale:

- 1 = Strongly Disagree
- 2 = Disagree
- 3 = Neutral
- 4 = Agree
- 5 = Strongly Agree

1.	Employees have been formally trained on safety protocols for their positions.
2.	Employees are encouraged to work safely and in accordance with safety protocols.
3.	Employees have been provided with adequate personal protective equipment to best ensure their safety in the performance of duties.
4.	Employees have been trained on the proper use and care of personal protective equipment, and understand the importance of using it.
5.	Employees have the equipment needed to perform their job.
6.	Equipment is available when needed.
7.	Employees inspect the equipment used on a daily basis to ensure it is working properly and safely.
8.	Employees have been trained on how to use each piece of equipment needed to perform their job.
9.	The monthly safety meetings are important.

## EXHIBIT 2 – ROW Employee Survey Results

Auditor removed surveys #3, #14 and #19 and analyzed the results. These three (3) surveys were either answered with all 1s or all 5s, and had no written comments; therefore, the participants may not have understood the scale.

Participant	Survey Question #1	Survey Question #2	Survey Question #3	Survey Question #4	Survey Question #5	Survey Question #6	Survey Question #7	Survey Question #8	Survey Question #9	Comments
1	5	5	4	4	5	4	5	4	5	None
2	5	5	5	5	5	4	3	5	5	None
3										
4	3	4	4	5	5	**	**	**	**	None
5	5	5	5	5	5	4	5	5	5	None
6	4	4	4	4	3	3	4	4	4	None
7	3	3	3	3	2	**	**	**	**	None
8	5	5	5	5	5	5	5	5	3	None
9	3	4	3	5	4	4	3	5	5	None
10	4	4	4	4	4	4	2	4	4	Comment on question #7 stated "Some of us."
11	4	4	4	4	2	**	**	**	**	None
12	4	4	4	4	4	4	4	4	4	Comments on questions #5, #6, and #7 stated "yes" instead of a ranking.
13	4	4	3	3	3	**	**	**	**	Comment on question #4 stated "Has been in past. We get cars and trucks back from garage that would not pass inspection." Questions #3, #4, and #5 were rated "3-4."
14										
15	4	5	5	5	5	5	5	5	4	None
16	5	5	5	5	5	**	**	**	**	None
17	4	4	1	4	4	2	3	3	4	None
18	4	5	5	5	5	5	5	4	5	None
19										
<b>Total Score</b>	<b>66</b>	<b>70</b>	<b>64</b>	<b>70</b>	<b>66</b>	<b>44</b>	<b>44</b>	<b>48</b>	<b>48</b>	
<b>Average</b>	<b>4.13</b>	<b>4.38</b>	<b>4.00</b>	<b>4.38</b>	<b>4.13</b>	<b>4.00</b>	<b>4.00</b>	<b>4.36</b>	<b>4.36</b>	
<b>Rounded Avg</b>	<b>4</b>									

**Tickmarks**

\*\* Employee did not enter a rating on this question (questions were on the back of the sheet and were perhaps overlooked).

*Best Possible Score for each question = 80*

*Worst Possible Score for each question = 16*

**Score rankings from most favorable to least favorable**

	Total Score	
#2 and #4	70	
#1 and #5	66	
#3	64	
#8 and #9	48	<i>These four (4) questions were not answered by five (5) of the survey participants which affects the total score.</i>
#6 and #7	44	<i>Therefore, the best possible score for these questions is 55 (11*5) and the worst possible score is 11 (11*1).</i>

<b>Total survey questions</b>	<b>144</b>
<b>Survey questions answered</b>	<b>124</b>
<b>Totals by Criteria Ranking:</b>	
1	1 1%
2	4 3%
3	17 14%
4	50 40%
5	52 42%
	<b>124 100%</b>

# MUNICIPAL AUDITING REPORT CITY OF ROANOKE



## Records Storage Services Review

**August 29, 2016**

Report Number: 16-017

Audit Plan Number: 16-012

*Municipal Auditing Department*

*Chartered 1974*

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## OBJECTIVES & SCOPE

### Objectives:

1. To determine if Lawrence Transportation Systems, Inc. has complied with the terms of the City's Records Storage Services contract.

**Yes with Exceptions** – We conclude that Lawrence Transportation Systems, Inc. has complied with the majority of the City's Records Storage Services contract terms.

### Scope:

We reviewed the City of Roanoke's records and data backups stored at Lawrence Transportation Systems' local warehouse as of March 15, 2016.

**End of Objectives and Scope**

## BACKGROUND

Local governments must maintain their records in compliance with Library of Virginia records management requirements. The Library of Virginia oversees the Virginia Public Records Act [VPRA], Code of Virginia §42.1-76 through §42.1-91. This code provides definitions and responsibilities as it relates to public records, including specifications related to securing confidential records, properly storing archival records and developing emergency plans to ensure preservation of records in the case of an emergency. In addition, the Virginia Public Records Management Manual provides detailed guidance related to records management, file management, electronic records, records preservation and records storage. This manual serves as a supplement to the VPRA.

The Library of Virginia defines a “public record” or a “record”, regardless of format, as recorded information that documents a transaction or activity by or with any public officer, agency or employee of an agency. The recorded information is a public record if it is produced, collected, received or retained in pursuance of law or in connection with the transaction of public business. They may be in either paper or electronic format. “Archival” records are of continuing and enduring value to citizens of the Commonwealth and necessary to the administrative functions of public agencies ... having sufficient informational value to be permanently maintained. Archival records must be kept in fire resistant, environmentally controlled, physically secured rooms in such an arrangement so that they are easily accessible.

The City contracts with Lawrence Transportation Systems, Inc. [Lawrence] to store its records (including archival records), both paper and electronic, at an off-site facility. The contract took effect on July 1, 2013, and will expire on June 30, 2018. Total annual management fees may not exceed \$44,000. Charges are assessed based on total volume stored, added, retrieved, refiled, or destroyed. There is a variance between the costs associated with electronic records and paper records due to the storage area needed. Payments to Lawrence are as follows:

<b>Year</b>	<b>Payments</b>
FY 2014	\$ 35,110
FY 2015	\$ 38,705
FY 2016 as of 6/30/2016	\$ 35,950
<b>Total</b>	<b>\$109,765</b>

During the Fiscal Year 2015 external financial statement audit, the City’s auditors questioned the controls over the City’s third-party service providers. Lawrence was not able to provide an independent auditor’s report evaluating their control environment. Additionally, their controls had not been assessed by City staff. The auditors suggested that the City either perform periodic on-site visits or implement other processes to evaluate the provider’s internal controls.

**End of Background**

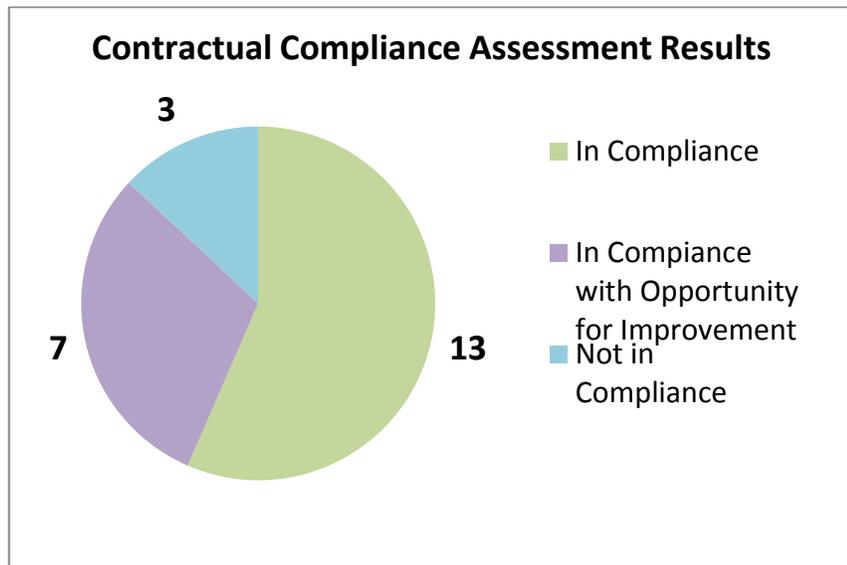
## Objective 1: Compliance with Contract

With the support of the Purchasing Division and the Department of Technology, Municipal Auditing undertook a review of the internal controls in place at Lawrence’s warehouse to ensure that the City’s records are properly maintained and adequately protected. We began with a detailed review of the records storage services contract. We then developed an overall assessment based on contract requirements. A total of 23 requirements were grouped into three (3) categories of internal control:

1. Inventory – The controls within this category ensure there is an appropriate accounting of the City’s records. The contract includes two (2) related requirements.
2. Security – These controls ensure the City’s records are adequately safeguarded. The contract included five (5) related requirements.
3. Damage Resistance – These controls are intended to provide the City’s records protection from destruction. The contract included 16 related requirements.

Within the off-site facility, paper and electronic records are stored separately. Paper records are housed in the general warehouse area. These records include a variety of permanent files including archival records. Additionally, certain records may include confidential and/or personally identifiable information and must be properly secured. Electronic records include backups of the City’s network, databases and servers. They are stored in an area known as the “vault”.

Using the City’s specifications as a guide, we toured the facility to determine whether Lawrence had adequate internal controls in place. Results were as follows:



Internal controls were in place and functioning to meet the majority of contractual requirements. Lawrence's response to the solicitation did not address all of the expectations requested. We noted limited written documentation surrounding the control processes, which contributed to many opportunities for improvement.

Inventory controls in place included a record-indexing system and records activity tracking. We noted opportunities for improvement related to inventory data, City information requirements and reporting, and inventory records reconciliation.

Security controls included a 24-hour security system and limited access. Opportunities for improvement included employee screening, supporting documentation, alarm activity review and gate monitoring.

Damage resistance controls included a separate warehouse of cinderblock construction, fire inspections, a lack of windows, dry fire suppression and monitoring systems, clean facilities, a pest control program, and magnetic media transport containers.

Lawrence was not in compliance with the following contractual requirements:

1. Facility must have emergency access capabilities and an emergency plan and procedures.

Although the City does have emergency plans for records which are housed on-site, Lawrence does not have anything documented for those records stored in their facility.

2. Facility shall provide the City with a written Disaster Preparedness plan and procedures.

Each department of the City has a written Disaster Preparedness plan, and a copy is maintained at Lawrence's facility. We noted that Lawrence has not prepared a formal Disaster Preparedness plan covering the records housed at their facility and therefore, the City has not received anything documenting the related procedures.

3. Facility shall have humidity and temperature controlled environment so no excess humidity or temperature extremes shall occur.

Lawrence has no heating and cooling system for the general warehouse in which the City's paper records are stored. The warehouse "vault" in which the City's data tapes are stored is temperature controlled and has appropriate fire suppression systems. The Library of Virginia specifies recommended temperature and humidity levels for paper records and indicates that maintaining consistent temperature and humidity levels is the more important factor in protecting paper records. A regulated environment is required for permanent records.

Recommendations:

- 1) Purchasing Division staff should meet with City stakeholders to reevaluate and determine appropriate contract specifications for records storage services.
- 2) A survey should be undertaken to determine which records are considered archival or need long-term and/or permanent storage. Staff should work with Lawrence to discuss alternative, temperature-controlled repository options for these documents.
- 3) City employees needing to access records located at the Lawrence facility should direct their requests to the City's Purchasing Division, who would then notify Lawrence on a case-by-case basis. There should be no standing list of employees with access to the facility.
- 4) The Purchasing Division and Lawrence should work on documenting processes related to records storage services for the City of Roanoke.

**End of Objective 1**

## SUMMARY OF MANAGEMENT ACTION PLANS

<b>Management Action Plan – Title</b>	
The Purchasing Division has requested a written Emergency Plan and Procedures from Lawrence Transportation Systems, Inc. to be delivered no later than September 9, 2016.	
<b>Assigned To</b>	<b>Target Date</b>
Simone Knowles, Purchasing Manager	09/09/2016

<b>Management Action Plan – Title</b>	
The Purchasing Division has requested a written Disaster Preparedness Plan from Lawrence Transportation Systems, Inc. to be delivered no later than September 9, 2016.	
<b>Assigned To</b>	<b>Target Date</b>
Simone Knowles, Purchasing Manager	09/09/2016

## MANAGEMENT COMMENTS

Lawrence Transportation Systems, Inc. has served as the City's contracted records storage provider since July 1, 2013. They consistently provide excellent records storage service to City departments with timely responses to retrieval requests, accurate invoices and reports, and quick responsiveness to the City's service requirements. Lawrence receives excellent ratings from City departments on annual contractor performance evaluation surveys, and their staff readily complied with the City's requests for information and site inspections associated with this audit.

The final term for the contract between the City of Roanoke and Lawrence Transportation Systems, Inc. for Records Storage Services ends on June 30, 2018. To ensure that there is no lapse in this essential service, the Purchasing Division will issue a solicitation for a new records storage services contract in the final quarter of Fiscal Year 2018. As part of the solicitation process, the Purchasing Division will meet with City department/divisions utilizing records storage services to determine their storage needs and requirements pertaining to nonpermanent and permanent records. The needs identified by user departments along with the requirements and guidelines from the Library of Virginia will serve as the basis for the scope of services to be included in the solicitation.

In response to the statement in the Background section of the audit report that Lawrence was not able to provide an independent auditor's report evaluating their environment; the City's contract for records storage services does not require Lawrence to provide such a report.

In response to the statement in Objective 1 (Compliance with Contract) that Lawrence's response to the solicitation was not complete and did not address all of the expectations requested; the bid contained in the official solicitation file included all of the submittals required for consideration of responsiveness to the solicitation listed in Section 7-O-1&2 (Instructions to Bidders) of Invitation to Bid #13-06-03.

In response to the findings noted in the report:

1. The Purchasing Division has requested the written Emergency Plan and Procedures to be submitted by Lawrence Transportation Systems, Inc. no later than September 9, 2016.
2. The Purchasing Division has requested the written Disaster Preparedness Plan to be submitted by Lawrence Transportation Systems, Inc. no later than September 9, 2016.
3. The Purchasing Division recommends that the permanent records remain at the vendor's facility until such time that a new contract requiring a regulated environment is awarded.

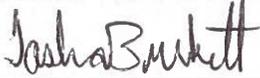
In response to the recommendations noted in the report:

1. Purchasing staff will meet with stakeholders to evaluate needs and requirements as part of the next solicitation process for these services.
2. As part of the City's records management program, Purchasing Division staff currently maintains a listing of records deemed as permanent by City departments. Additionally, Purchasing Division staff provides guidance to records coordinators on the determination of permanent record status at annual records management training events. The Purchasing Division recommends that the permanent records remain at the vendor's facility until such time that a new contract requiring a regulated environment is awarded.
3. Item 1-E of Exhibit 2 (Scope of Services) to the current records storage contract requires Lawrence to provide on-site access to records to authorized employees of the City. Purchasing staff provides an updated listing of records coordinators and other City employees authorized to receive, order, access, and/or pick up records. This system for records storage and retrieval has proven to be successful for the past three years. During that time, with the exception of the visits associated with the audit, only one authorized individual has accessed records at the storage site. All other records have been requested by and delivered to authorized individuals in City departments. The Purchasing Division will notify Lawrence and affected employees that records coordinators and other authorized employees may no longer access their department records at the storage facility without the expressed approval of the Purchasing Division.
4. The Scope of Services included as Exhibit 2 to the Contract between the City of Roanoke and Lawrence Transportation Systems, Inc. serves as the process and procedure for providing records storage services for the City.

Changing records storage providers is a complex process that in the past has caused delay in delivery of goods and services essential to conducting business at the City of Roanoke. Delays were due to the need for the initial transport and staging of records, the contractor's establishment of procedures for records recall, storage, reporting, and destruction, and the establishment of invoicing and payment procedures. For these reasons, the City utilizes a one year term contract with the maximum number (4) of renewals to minimize the interruption of business processes due to a delay in records availability. The Purchasing Division, as the manager for the records storage contract, recommends that the City continue the contractual relationship with Lawrence Transportation Systems, Inc. and, if Lawrence continues to meet the City's expectations as set forth in the current scope of services, renew the contract for the final term ending June 30, 2018.

**ACKNOWLEDGEMENTS**

We want to thank the Purchasing Division, Department of Technology, Real Estate Valuation, Facilities Maintenance, Fire Department, Social Services, and City Manager's Office for their assistance. We would also like to extend our appreciation to Lawrence Transportation Systems, Inc. for their time and cooperation.



Tasha Burkett  
Information Systems Auditor



Dawn Hope Mullins, CPA  
Assistant Municipal Auditor



Drew Harmon, CPA, CIA  
Municipal Auditor

# Report 16-017 Exhibit 1

## EXHIBIT 2 TO CONTRACT BETWEEN CITY OF ROANOKE AND LAWRENCE TRANSPORTATION SYSTEMS, INC. FOR RECORDS STORAGE SERVICES

REFERENCE: ITB# 13-06-03

### SCOPE OF WORK

The services, work, and/or items that the Contractor shall provide in a timely and proper manner in accordance with the Contract include, but are not necessarily limited to, the following:

#### 1. SERVICES AND/OR ITEMS REQUIRED.

- A. Contractor shall comply with Chapter 7, Sections 42.1-87 and 88, Code of Virginia, regarding storage, retention and records destruction procedures.
- B. Contractor shall perform all job responsibilities in relation to the storage of the City's records in complete confidentiality. Contractor shall ensure the City that its employees will be performing their task in a confidential manner.
- C. Contractor shall be responsible for transportation, receipt and data entry of files from the current Contractor to their storage facility at no additional charge to the City.
- D. Contractor shall provide storage of City records 24 hours per day, 365 days per year and provide access to records 24 hours a day, seven days (7) a week.
- E. Contractor shall provide on-site access to records to authorized employees of the City. The City Staff will provide the Contractor with a list of persons that are allowed to receive, order, access, and/or pick up records belonging to the City of Roanoke.
- F. Contractor shall take all actions and precautions necessary to prevent damage to all City storage containers, the records contained therein, or spillage and/or loss of any such records.
- G. Emergency requests for services shall be provided. Delivery shall be made within two (2) hours of a request during the City's regular business hours and within four (4) hours of a request during other than the City's regular business hours.
- H. Contractor shall have in existence a records indexing system for assigning tracking numbers, identifying file box contents, indexing microforms initial storage date, scheduled destruction date and any other pertinent data for expedited storage and retrieval.
- I. Contractor shall deliver and pick up records when requested, and accept delivery of such records in accordance with specifications, pick-up and delivery via a bonded courier.
- J. Contractor shall provide a monthly and annual report of all records activities between the Contractor and the City. This includes a monthly inventory of records in storage.

- K. Each department within the City of Roanoke shall be given a separate account for billing purposes.
- L. Contractor shall have secure destruction capabilities, with computer indexing to include destruction dates and provide destruction services in accordance with Chapter 7, Sections 42.1-86.1, 87, and 88, Code of Virginia.
- M. Contractor shall provide media storage containers and storage boxes to the City at a reasonable cost. Standard storage containers shall be defined as 1.1 cubic foot (minimum) capacity.
- N. Contractor shall provide services outside of normal business hours.
- O. Contractor shall use magnetic media transport containers for all pick-up and deliveries of magnetic media.
- P. Billing/Invoices should be received by the 10<sup>th</sup> of each month, with a detailed listing by department for all activity on the account. The Contractor agrees to retain all records, documents and support materials relevant to the Contract, if awarded, for a period of five (5) years following final payment.
- Q. Contractor shall incur the cost of reproducing any records that are lost or damaged while in the care, custody, and control of the Contractor including while in transit, whether such loss is a result of the Contractor's negligence or not. The City will have a record of all documents that are in each container, so the City will know which documents need to be reproduced. The Contractor shall be liable for the reproduction costs of a document where another copy of it is on file somewhere within the City. The Contractor may choose to insure or self-insure at its option the cost of such reproduction.
- R. At the City's request, Contractor shall provide copies, either hard or electronic copies compatible with City systems, at no cost to the City, of any or all lists and information showing the type, number, boxes, electronics, and other items the Contractor is storing for the City, including a breakdown by department, if requested.

## **2. STRUCTURE/FACILITY REQUIREMENTS.**

- A. Facility shall meet all code requirements of the Americans with Disabilities Act (ADA), Title III Regulations (28 CFR Part 36, Revised July 1, 2009 Appendix A).
- B. Facility shall be an individual structure separated from other buildings and external hazards to ensure safety from fire, flood and other potential natural disasters.
- C. Facility shall be located above the local flood plain and be constructed of concrete block and/or steel that meets all national fire code prevention standards.
- D. All fire walls shall be structurally sound and capable of withstanding impact and imposed loads if severe fire exposure would cause collapse of the framing on one wall. All openings in fire walls shall be protected on each side by fire doors suitable for Class A openings.

- E. No water, steam, or other piping shall be present in the records storage area other than pipes for the sprinkler system.
- F. Facility shall have a non-combustible roof.
- G. Facility shall have no windows in any stack areas and ultraviolet filters on fluorescent light.
- H. Facility shelving shall be of fire retardant, chemically neutral, steel construction. Bottom shelves must be at least six (6) inches from the floor.
- I. Facility shall be equipped with sufficient shelving to accommodate all boxes of City records.
- J. Facility shall have an operational fire sprinkler system and monitoring system which will provide 24 hours a day, seven (7) days a week protection against water flow, heat, smoke-gas, fire, motion and glass or the breaking in of any doors or windows.
- K. Facility shall possess a 24 hour security system with interior and exterior security.
- L. Facility shall be clean, well-organized and free of rodents and pest infestation. Contractor's facility shall be equipped with insect control devices or be serviced by a commercial extermination firm on a regular basis.
- M. Facility must have emergency access capabilities and an emergency plan and procedures.
- N. Facility shall provide the City with a written Disaster Preparedness plan and procedures.
- O. The City reserves the right to inspect each Contractor's facility to ensure it complies with the above requirements. If requested by the City, the Contractor shall allow City personnel to inspect its facility.
- P. Contractor's facility shall have humidity and temperature controlled environment so no excess humidity or temperature extremes shall occur.

**3. CLIMATE CONTROL FOR FACILITY.**

Priority shall be given to providing optimum environmental conditions within the storage facility.

- A. Temperature: the recommended range for paper based items is 80 degrees Fahrenheit or below.
- B. Relative Humidity: the recommended range is 50% HR +/- 5%.
- C. Lighting: ultraviolet (UV) radiation must be eliminated in all storage areas.
- D. Air Purity: the installation of filters in the air conditioning system and a high level of recirculation are required to keep pollutants at trace levels.

**END OF EXHIBIT 2**

# MUNICIPAL AUDITING REPORT CITY OF ROANOKE



## **Risk Management General Liability Claims Follow-up** August 18, 2016

Report Number: 17-003  
Audit Plan Number: 17-010

*Municipal Auditing Department  
Chartered 1974*

[www.roanokeva.gov/auditing](http://www.roanokeva.gov/auditing)

Phone 540.853.5235

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## AUDIT OBJECTIVES & SCOPE

### Audit Objectives:

1. To determine if the contract renewal with the Virginia Association of Counties Group Self Insurance Risk Pool (VACORP) for liability claims management services includes:
  - a. Length of time claim records are to be retained
  - b. Right to audit clause

**Yes** – The contract renewal specifies that VACORP will follow the Library of Virginia retention schedule for all applicable documents and acknowledges the City's rights to audit the records.

### Audit Scope:

The contract renewal effective July 1, 2016, signed by VACORP.

## **BACKGROUND**

The Office of Risk Management is responsible for mitigating and managing the City's exposure to risks, including actively managing general and automobile liability claims filed against the City.

Effective July 1, 2015, the City engaged VACORP to serve as its third party administrator for all general liability and automobile liability claims. The contract was renewed July 1, 2016 for a one year term. The Office of Risk Management oversees the contract, working with the public, city employees, the City Attorney's Office and VACORP as necessary to help ensure claims are properly managed. Prior to July 1, 2015, claims were self-administered by the City's Office of Risk Management.

### **Objective 1: VACORP Contract Renewal**

We completed an audit of Risk Management's general and automobile liability claims management processes in April 2016. This included reviewing the contract with VACORP as well as the outcomes of claims filed with VACORP as the City's third party administrator. We determined that claims were being appropriately managed. Management agreed that the contract with VACORP should explicitly require compliance with Virginia's records retention laws, and; the contract should acknowledge the City's rights to access all records associated with claims against the City.

We reviewed the June 20, 2016 renewal letter that provided for a one year renewal and the additional terms, as follows:

- VACOPR shall follow the Library of Virginia retention schedule for all applicable records
- The City retains the right to audit VACORP records as needed.

The renewal letter was signed by a VACORP representative and is effective for the term from July 1, 2016 through June 30, 2017.

**ACKNOWLEDGEMENTS**

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



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Ann Clark, CPA  
Senior Auditor



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Drew Harmon, CPA, CIA  
Municipal Auditor

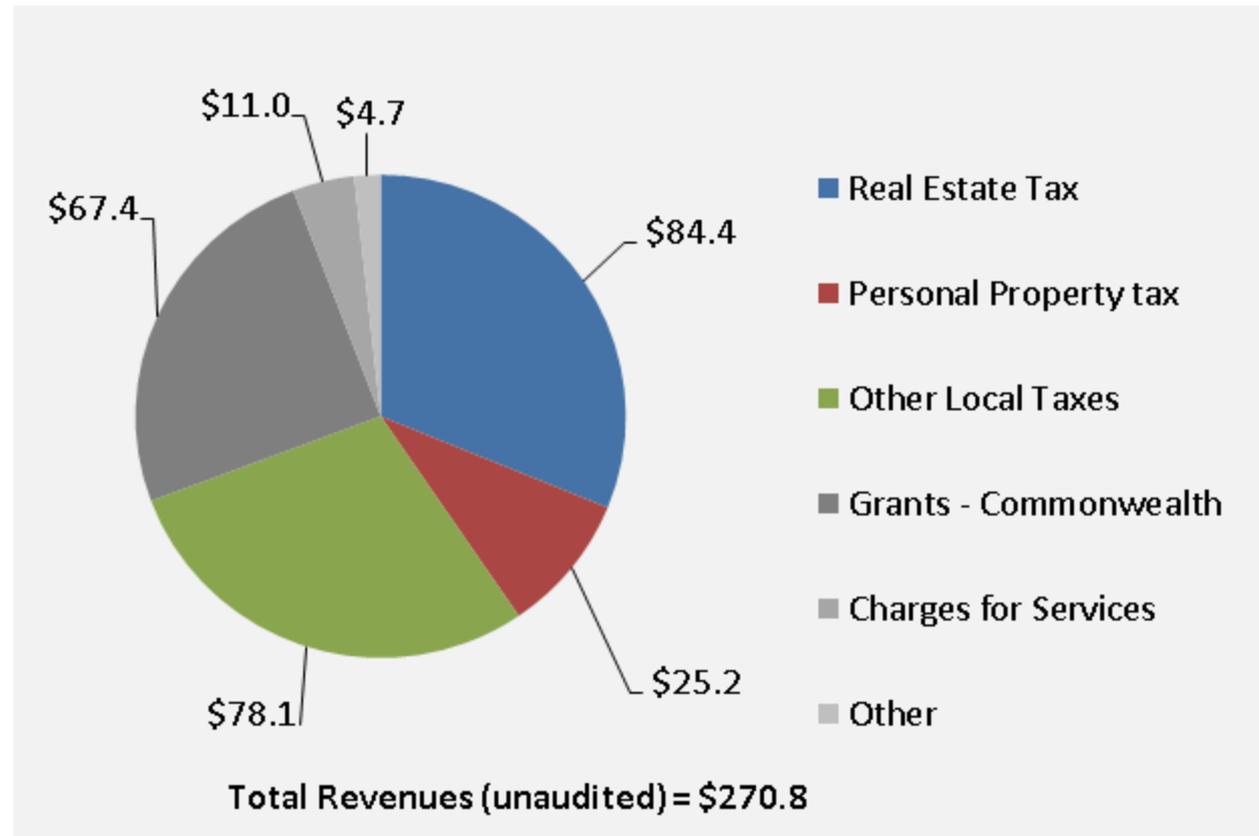
# CITIZEN-CENTRIC REVENUE

Improving The Customer Service Experience For The Taxpayer



# Total Revenue (in millions)

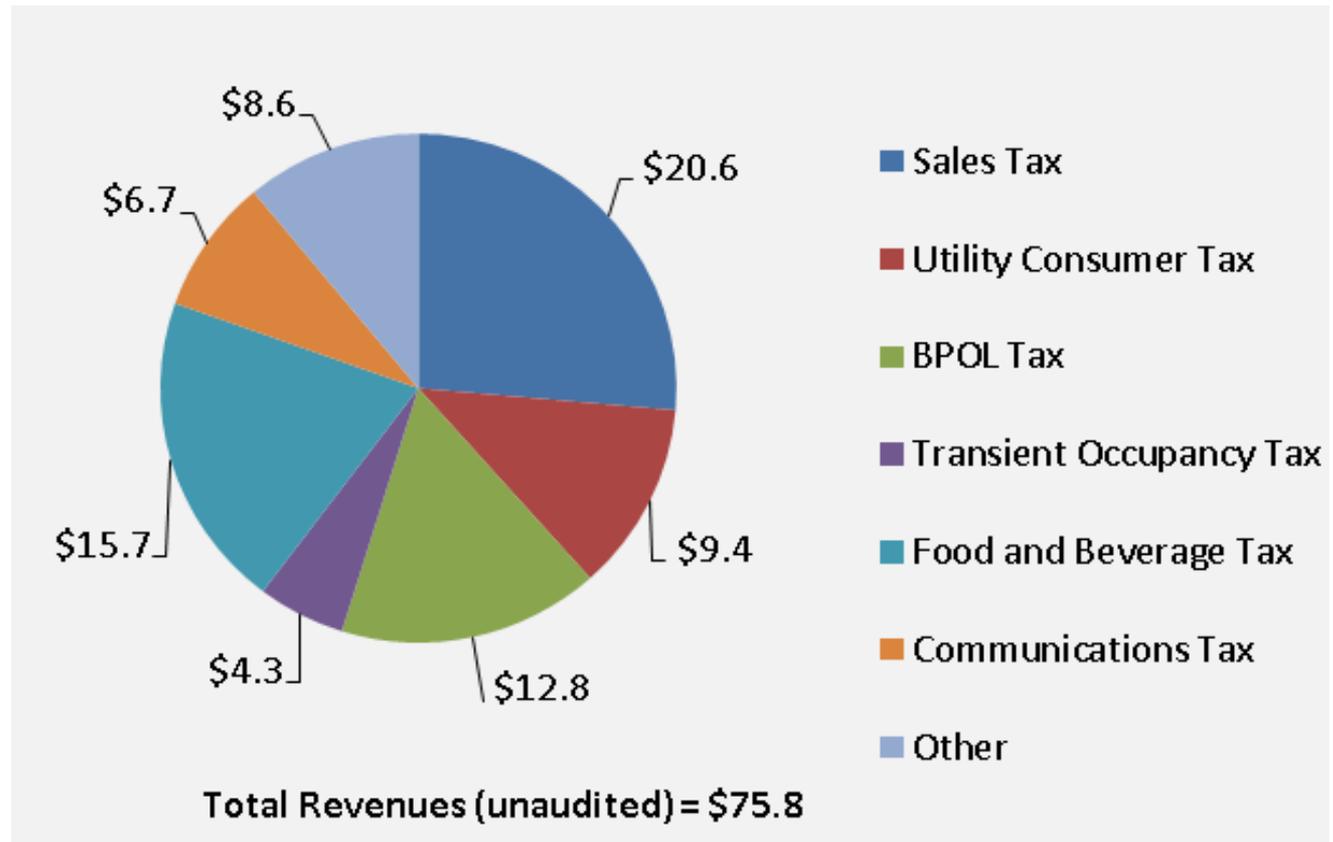
FY2016



Additionally, the City receives capital project, grant, and stormwater fee revenues.

# Other Local Taxes (in millions)

FY2016



# Vision

## To Improve the Customer Experience By:



Developing Efficient and Effective Processes and Functions

- Process improvements
- Process standardization

Implementing Centralized Tax, Billing, and Cashiering System

- Online customer access
- Tax billings on one platform
- Improved data availability

Improving Communication

- Revenue Governance Committee
- Reporting and Forecasting Tools

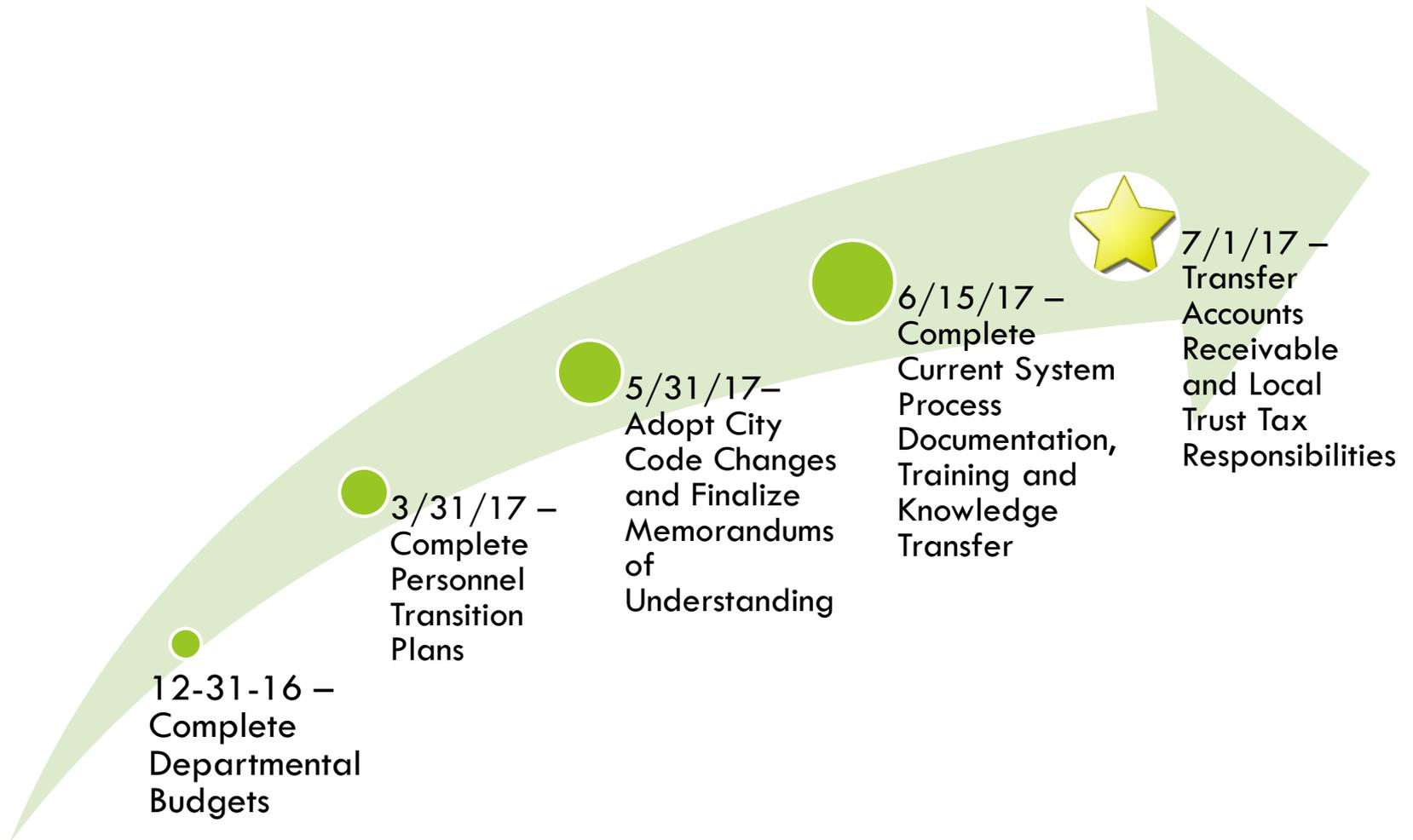
# History

- 
-  1980's – Office of Billings & Collections Formed
  -  2004 – WVWA Formed/Utility Billing Ceased
  -  2010 – Aumentum Real Estate & Cashiering Went Live
  -  2013 – Delinquent Tax Collections Transferred to Treasurer
  -  2014 – Parking Ticket Collections Transferred to Lancor
  -  2017 – Local Trust Taxes/Accounts Receivable Transferred

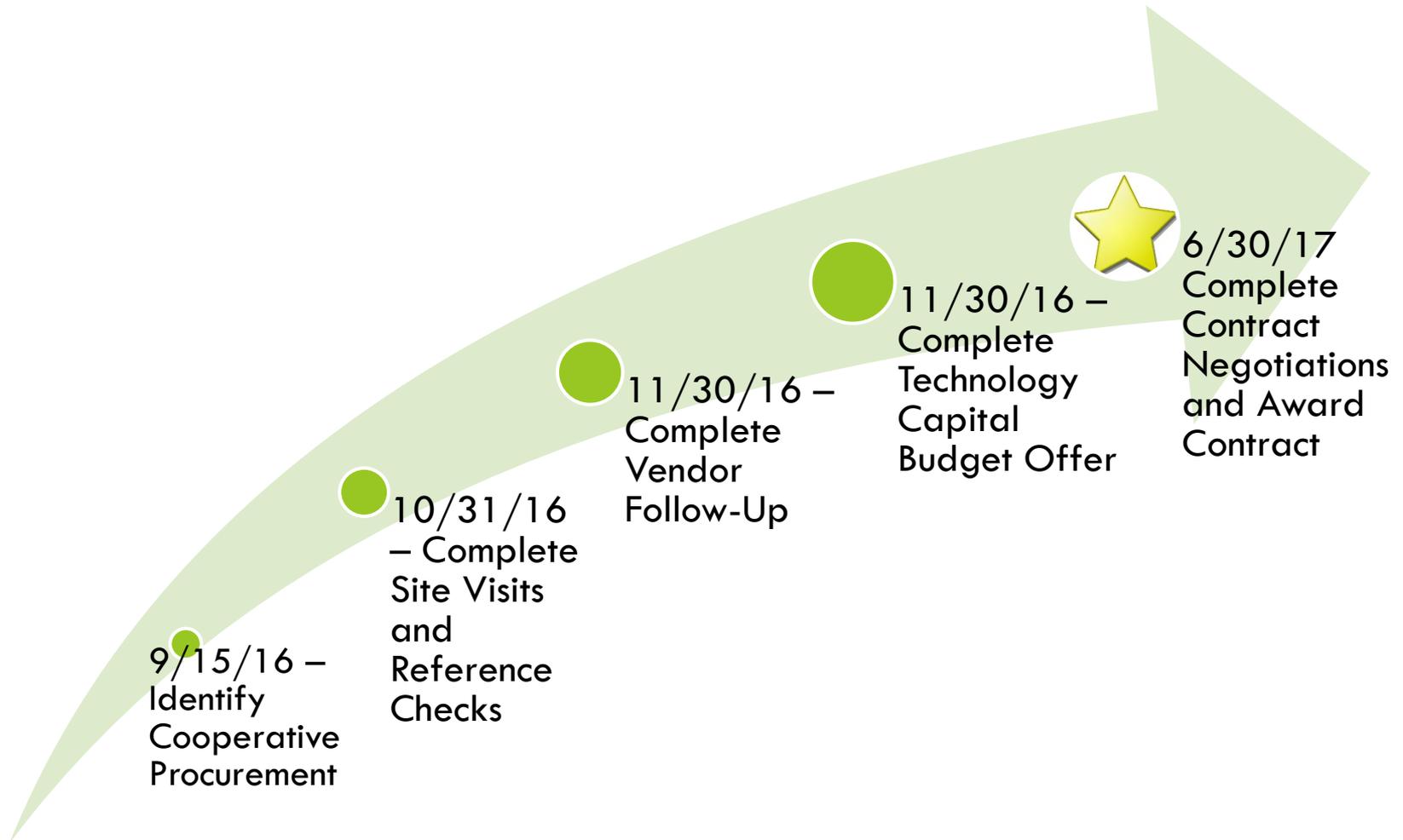
# Stakeholders



# Responsibility Realignment Timeline



# System Procurement Timeline



Based on a Cooperative Procurement

# Accomplishments-To-Date [Communications]

- Revenue Team created
  - Evelyn, Sherman, Terra, Greg, Dawn, Tasha
  - Meets every three weeks, ad-hoc meetings as needed
- Municipal Auditing meeting monthly with:
  - Director of Finance
  - Director of Technology
  - Director of Human Resources
- Knowledge transfer meetings with Finance
  - Includes Treasurer's Office, Commissioner's Office
  - Discussion of multiple topics
  - Advantage Accounts Receivable training

# Accomplishments-To-Date [Realignment]

- Working together on personnel transition plans, realignment, and hiring
- Currently documenting local trust tax procedures
- Realignment project plan created with milestone dates identified
- Working with City Attorney to identify required code changes
  - No Charter changes required

# Accomplishments-To-Date [System]

- Identified potential vendor
- Analyzing RFPs to verify cooperative procurement option
  - Two remaining – Cities of Charlottesville & Fairfax
- Working with other localities to plan site visits
  - Norfolk, Loudoun Co, Salem, and others
- Working with DoT on current system issues and prioritizing resolutions
- Small group attending vendor User Conference
  - Includes Treasurer's and Commissioner's Office & Auditing

# Next Steps [Realignment]

- Continue working together on:
  - Personnel transition plans
  - Knowledge transfer
  - Process documentation
- Identify physical space requirements and develop plan to address additional space needs
- Continue working with City Attorney's office on required code changes

# Next Steps [System]

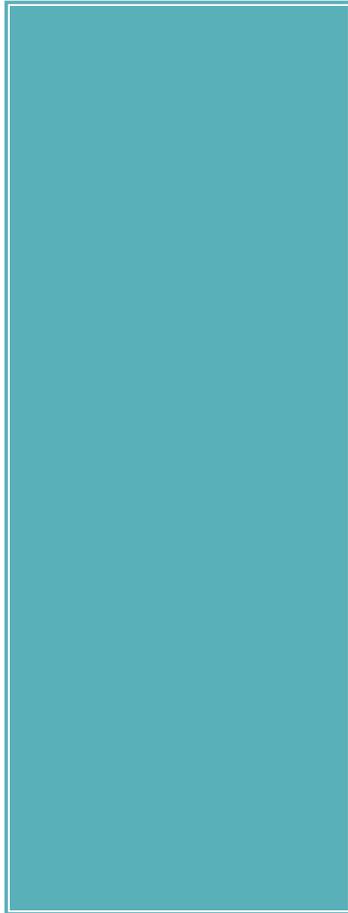
- Visit vendor reference sites and other localities
- Work with Department of Technology on vetting vendor's technology references
- Have vendor back for additional presentation and questioning
- Make final determination on vendor viability
- Develop cost estimate and capital budget request
- Periodically update City Administration and Audit Committee/City Council

# Questions?

TEAMWORK  
MOTIVATION  
INSPIRATION  
LEADERSHIP  
VISION  
+ INNOVATION  

---

SUCCESS





**AUDIT COMMITTEE ANNUAL REPORT  
For Fiscal Year Ending June 30, 2016**

September 7, 2016

The Audit Committee is one of three permanent committees of the City Council. It serves in an advisory role to the Council and appointed officers on matters related to the City's financial records and activities affecting the financial records. Meetings are typically held quarterly and at the request of any member. The following meetings were held for the fiscal year ending June 30, 2016:

- September 2, 2015
- December 21, 2015
- March 2, 2016
- June 8, 2016

<b>Committee Member</b>	<b>Meetings Attended</b>
Ray Ferris, Chair	4
Anita Price, Vice Chair	4
Court Rosen, Member	4
Mayor Bowers, Ex-Officio	2

The Committee Chair met monthly with the Municipal Auditor to review the status of current audit work, department development work, and investigations. The Audit Committee heard briefings and engaged in discussions related to the following areas:

• Other Post-Employment Benefits	• Clerk of the Circuit Court
• Home Rehabilitation Program	• Purchasing Cards
• CAFR Opinions & Management Letters	• Fraud, Waste and Abuse Investigations
• PLAY After School Program	• APA Audit of State Collections
• City Council Expenditures	• GRTC Revenue Collections
• Virginia Investment Pool	• General and Automobile Liability Claims
• Budget Transfer Ordinance	• Audit Plan for CAFR, APA, A133

The Audit Committee also reviewed the proposed budget for the Auditing department and updates on audit activity during the year. The minutes and reports are accessible online through the Auditing department's webpage. Municipal Auditing's Annual Report for the year ending June 30, 2016 is attached to this report.

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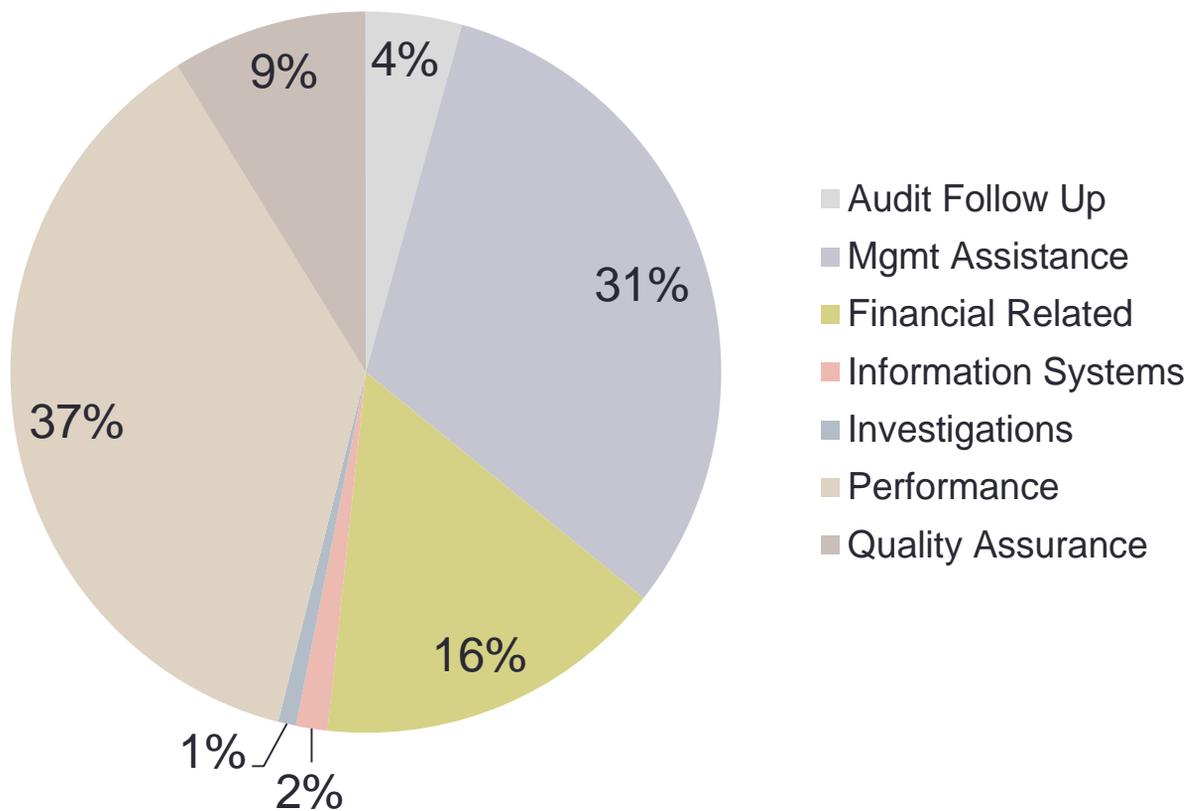
# MUNICIPAL AUDITING ANNUAL REPORT

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Fiscal Year Ending  
June 30, 2016

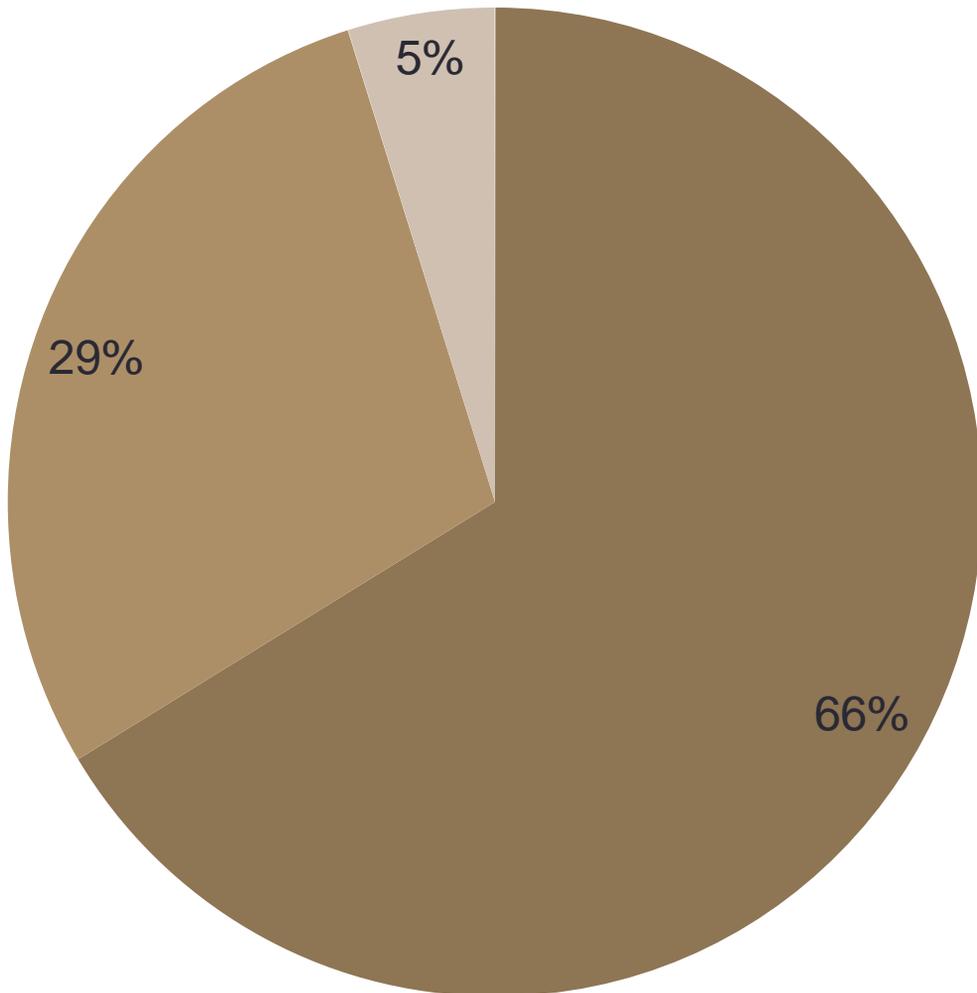
# Activity by Service Type

## Service

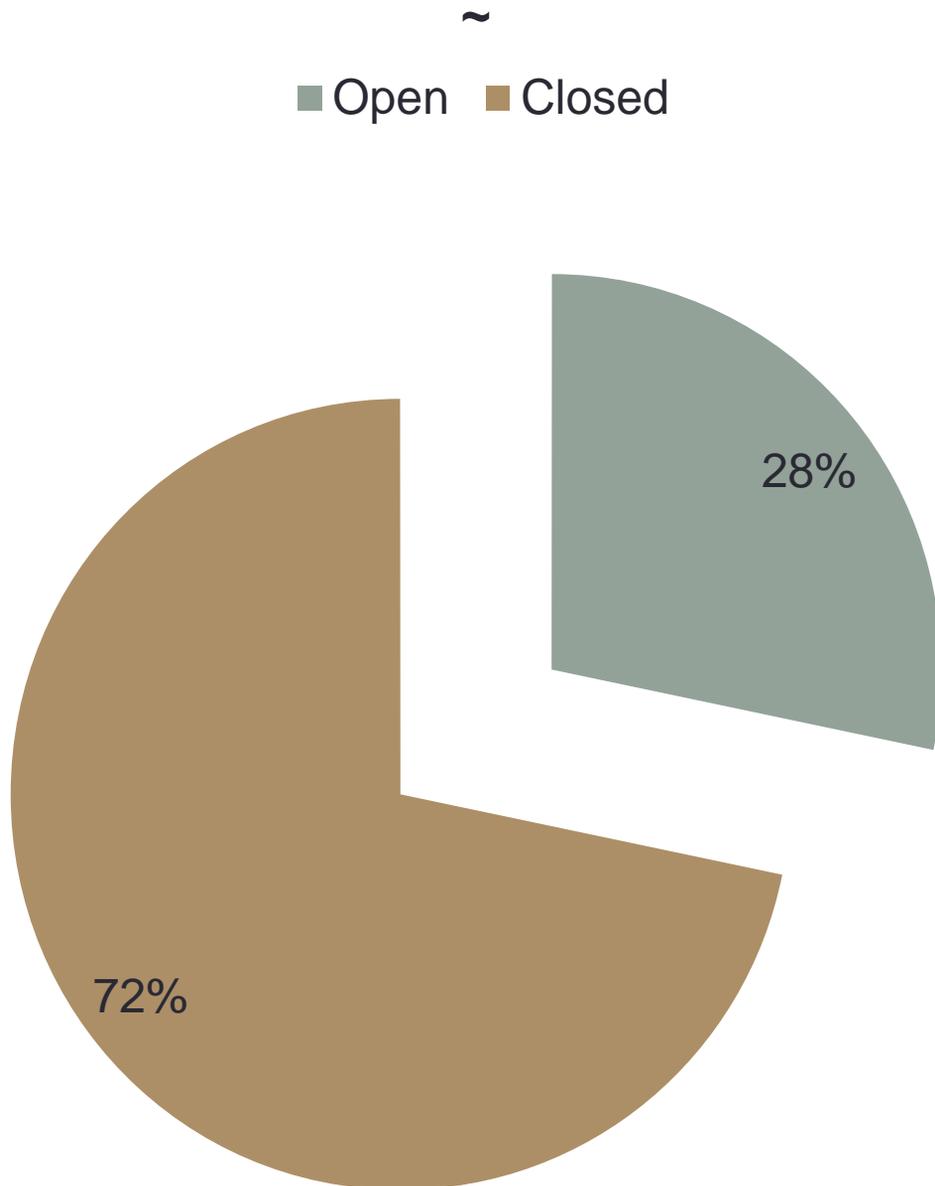


# Activity by Entity

■ CITY ■ RCPS ■ GRTC



# FY16 Assignment Status



# Audit Reports Issued – FY16

<b>Project</b>	<b>Description</b>
External Audit Coordination	Auditor opinions and management letters related to the annual audits of the financial statements for the City, City Pension, School Division, and GRTC
City Council Expenditures	Audit of expenditures by members of City Council and the City Clerk's Office for the fiscal year ending 6/30/15.
Purchasing Cards	Audit of compliance with p-card policies using statistical sampling
PLAY After School Program	Audited processes for managing after school programs held at Grandin Court, Preston Park and Eureka recreation centers
Risk Management Liability Claims	Audited processes for administering general and auto liability claims against the City

# Audit Reports Issued – FY16

Project	Description
Follow Up – Home Rehab Program	Verified major home rehabilitation program policies were revised to help ensure projects are consistent with neighborhood plans and larger City goals.
Follow Up – PLAY Program	Verified plans to strengthen staff training, child sign-out, and building assessment processes were completed.
Clerk of the Circuit Court	Verified compliance with State requirements for administering deeds, wills and trusts.
RCPS Student Health Services	Audited controls over medications, medical records, and contract administration for outsourced nurses.
RCPS Time and Attendance	Audited processes for reporting overtime, paid leave, and extra duties.
RCPS Workers Compensation	Audited processes for new employee physicals, safety training, reporting injuries, medical and indemnity claims.

# Audit Reports Issued – FY16

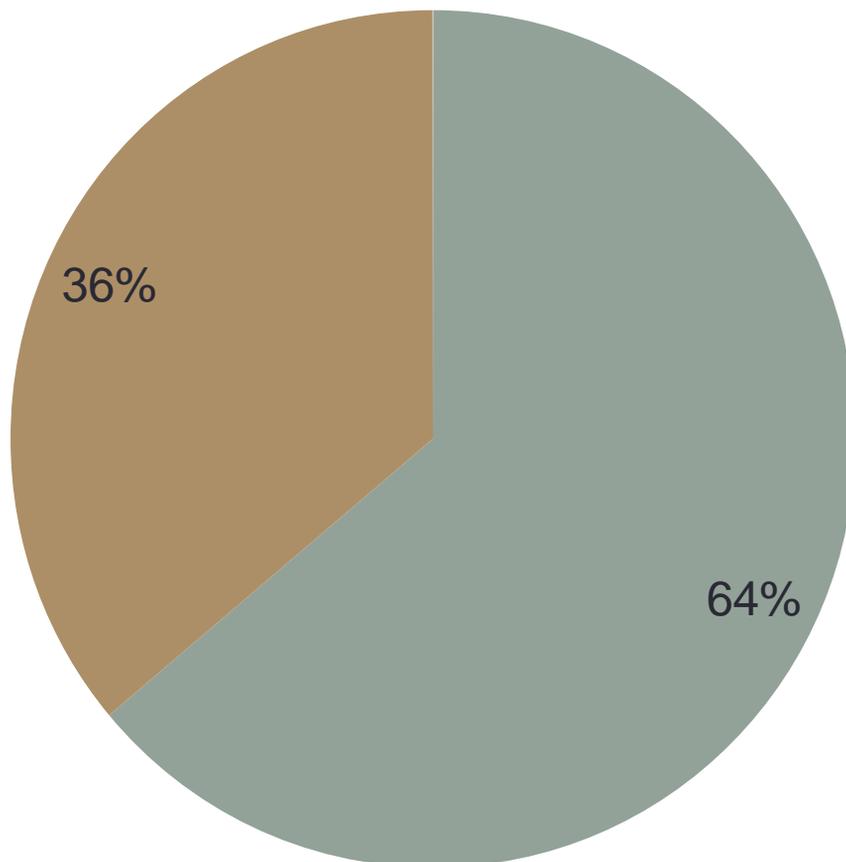
<b>Project</b>	<b>Description</b>
GRTC Revenue Collections	Audit of processes for collecting cash fares on the fixed route buses and payments for passes at the Campbell Court Transfer Center.

# FY16 Projects – Pending

Project	Description
Tax and Treasury	Facilitating reorganization of responsibilities for tax administration and collections, and implementation of a new comprehensive revenue system.
Police Cash FYE 12-31-15	Audit to determine if the Police Department is properly assessing, collecting and reporting fees; properly managing cash funds.
Right Of Way Maintenance	Audit to determine if right of way maintenance is performed safely and timely.
Berglund Center Maintenance	Audit to determine if the management company is maintaining the facilities in accordance with the City contract.
RCPS Fixed Assets	Audit to determine if the Division is effectively safeguarding assets costing \$500 or more.
Records Storage Services	Audit to verify that the vendor responsible for providing offsite storage of City records has complied with the terms of its contract.

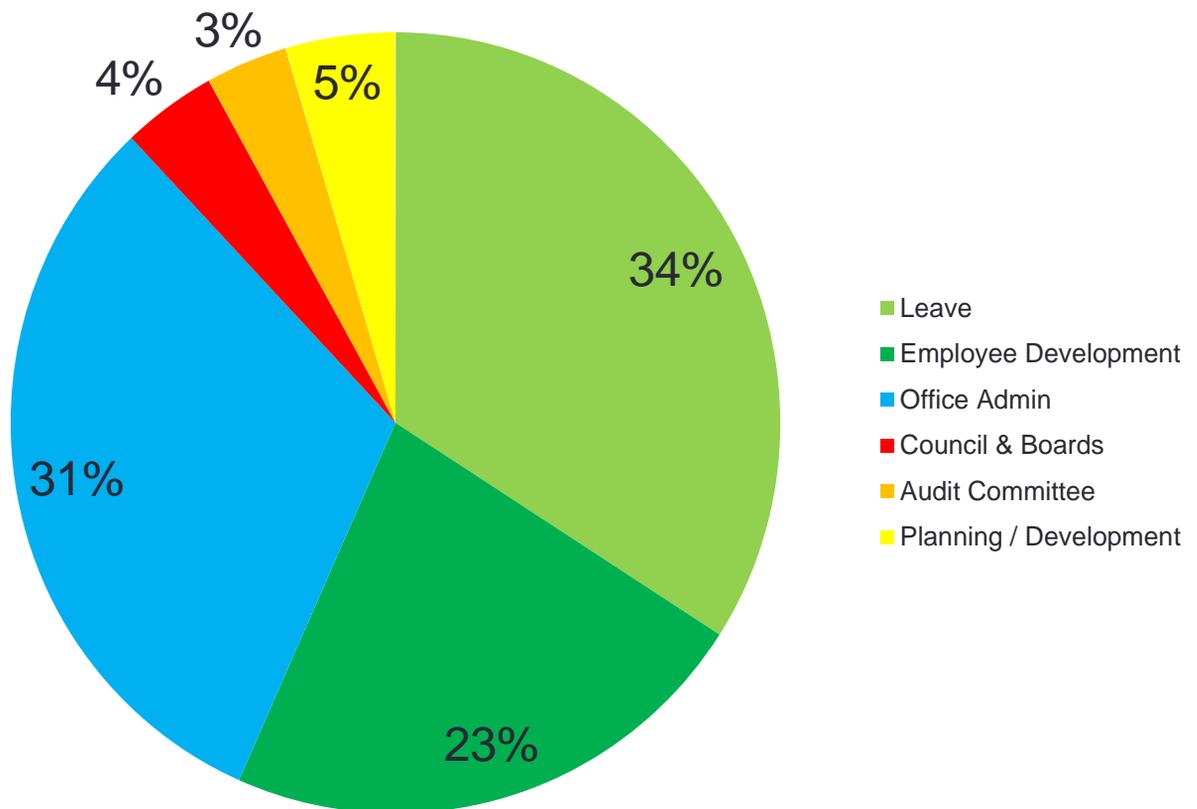
# Direct and Indirect Time

■ Direct ■ Indirect



Benchmark = 61% Direct Time

# Indirect Time



# Performance Measures

Measure	Target	Actual	Delta
Assignments Completed / FTE	8	5.5	(2.5)
Client Satisfaction [1 to 5]	4	4.8	+0.8
Client Action Plans Completed	80%	75%	(5%)

End of Report

# Hotline Update

1

**CITY OF ROANOKE  
AUDIT COMMITTEE  
SEPTEMBER 7, 2016**

# Purpose of Hotline

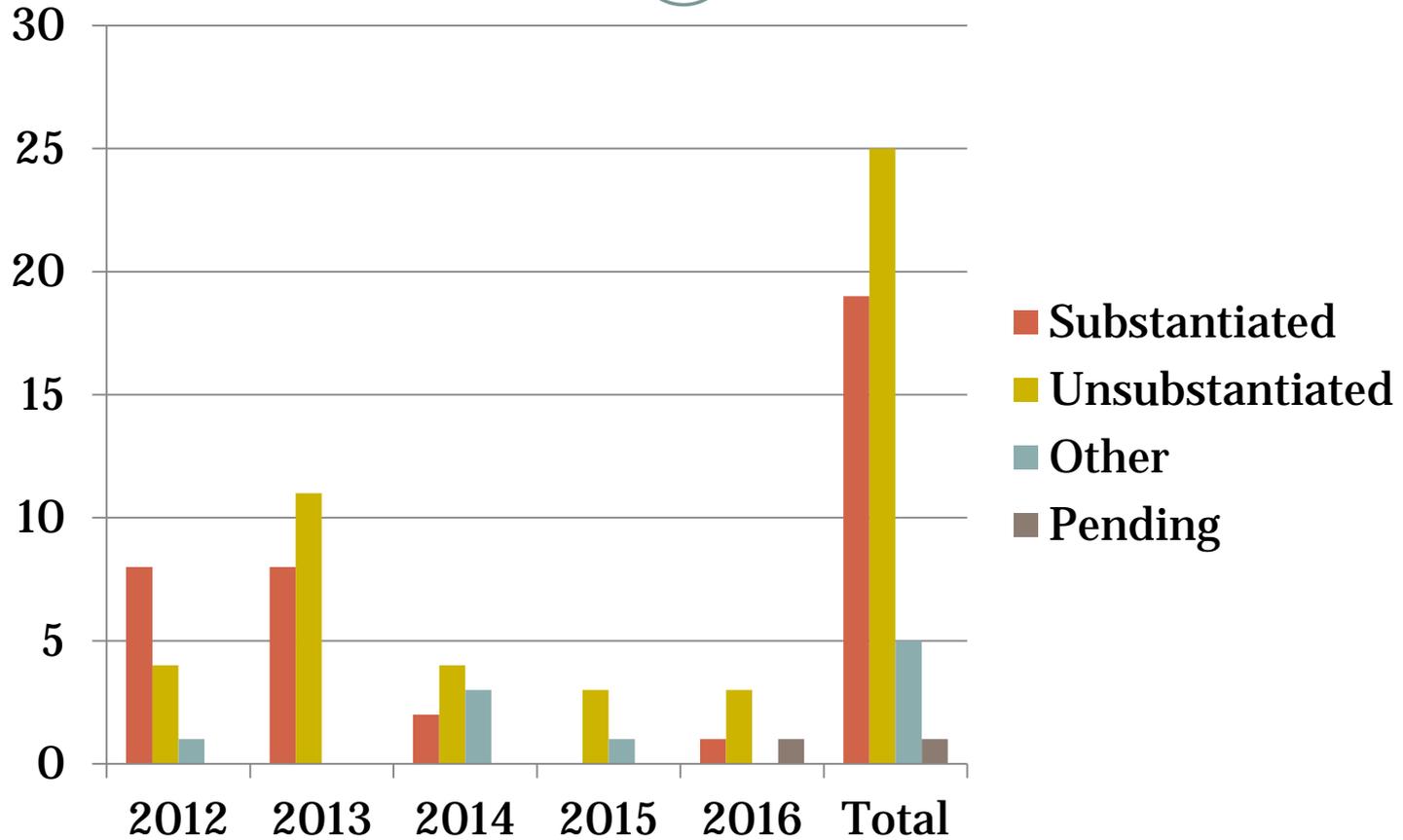
2

- **To Provide Open Channels of Communication**
- **To Promote a Positive Work Environment**
- **To Foster a Culture of Integrity and Ethical Decision Making**

# All Reports - Inception to Date

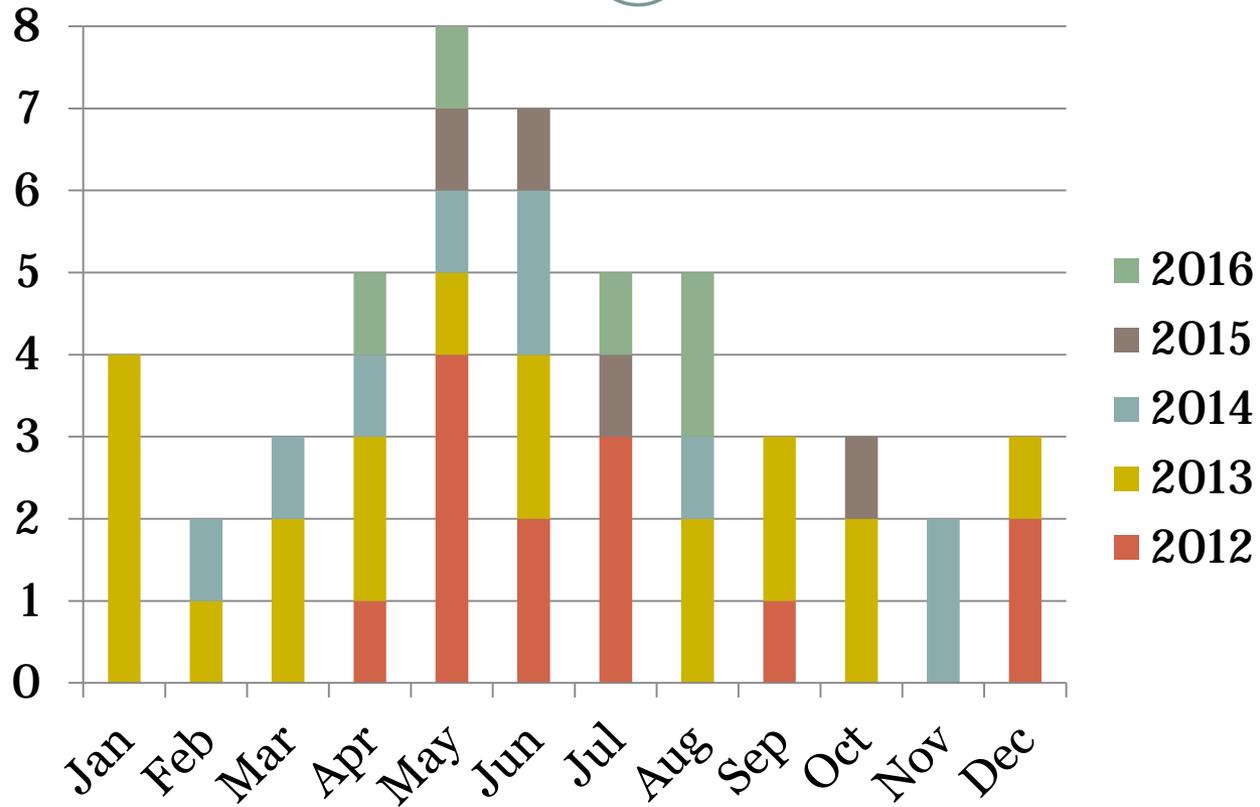
[Calendar Year Basis]

3



# Reports Received by Month

4



# Investigations Closed Since Last Report

5

<b>TYPE</b>	<b>ALLEGATION(S)</b>	<b>RESULT</b>
Time Abuse #16-304	<p>Various allegations were made about employees not appropriately reporting paid leave when late or absent from work. We identified three issues:</p> <ol style="list-style-type: none"><li data-bbox="370 619 1514 791">1. An employee unexpectedly called in; the employee and the supervisor both forgot to enter the associated paid leave request. The employee's leave accrual was corrected during the investigation.</li><li data-bbox="370 842 1534 1190">2. Some hourly employees were allowed to take 1:1 compensatory time in lieu of receiving overtime pay. Wage and Hour regulations allow governments to award compensatory time of 1.5 hours for every hour worked in excess of 40 during the defined work week. The additional .5 earned by the employees was not compensated; as such, the City was not in compliance with the wage and hour regulations. The identified employee will be compensated for the additional earnings.</li></ol> <p><i>(continued on next page)</i></p>	Substantiated

# Investigations Closed Since Last Report

<b>TYPE</b>	<b>ALLEGATION(S)</b>	<b>RESULT</b>
Time Abuse #16-304	<p><i>(continued from previous page)</i></p> <p>3. The department did not keep records of hours worked, including overtime hours and compensatory time taken. Wage and hour regulations require that non-exempt employee time be accurately documented and that these records be maintained. The supervisor began keeping a spreadsheet to track time during the investigation.</p>	Substantiated

# Investigations Closed Since Last Report

7

<b>TYPE</b>	<b>ALLEGATION(S)</b>	<b>RESULT</b>
Violation of Policy #17-301	An employee was alleged to have “talked about getting high at work” indicating he or she was violating the City’s policy prohibiting drug or alcohol use (POP 27). The report was received four (4) days after the alleged incident occurred. The supervisor involved did not observe the employee in question behaving in any way that indicated drug use. Additionally, she did not feel hearsay met the City’s “reasonable suspicion” definition required before asking the employee to submit to a drug screening. Management consulted the Human Resources Department and acted in accordance with policy.	Unsubstantiated
Fraud # 17-302	An employee was alleged to have received free goods / services in exchange for providing fee-based city services to businesses for no charge. Based on the nature of the city services involved, fees were minimal and provided little opportunity / risk for kickbacks or quid pro quo relationships. Inquiries with employees and businesses provided no evidence to support the allegations.	Unsubstantiated

# Investigations Closed Since Last Report

8

<b>TYPE</b>	<b>ALLEGATION(S)</b>	<b>RESULT</b>
Violation of Policy #17-303	<p>Supervisors were allegedly idle during regular work hours, meeting at breakfast or for coffee, playing golf, taking care of personal shopping, etc. Additionally, management was allegedly using city vehicles for these activities in violation of City's policy on private use of City assets (POP 21).</p> <p>The supervisors named are exempt from the 40-hour work week requirement under wage and hour regulations. The City does not require exempt employees to record time worked and instead relies on employees to file paid leave requests when working less than 80 hours in a pay period.</p> <p>The reporter provided neither specific information about dates and locations nor names of witnesses. Given the absence of time records and the lack of specificity in the report, further investigation was not justified. We discussed the allegations with the Human Resources department and executive management.</p>	Unsubstantiated

**End of Update**