

AGENDA
Audit Committee of Roanoke City Council
December 14, 2016 - 4:00 PM to 5:30 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. Presentation Of Audit Results For The June 30, 2016, Comprehensive Annual Financial Reports
Cherry Bekaert will brief the Committee on the results of the financial audit

Documents:

[ITEM 3 - CITY OF ROANOKE SHERIFF AUP REPORT - ISSUED.PDF](#)
[ITEM 3 - CITY OF ROANOKE VRS EXAM REPORT.PDF](#)
[ITEM 3 - FIN AUDIT COVER LETTER FINAL.PDF](#)
4. City Council Expenditures
Mr. Harmon will review the results of the review of expenditures by City Council

Documents:

[ITEM 4 - FINAL COUNCIL EXPEND 2016.PDF](#)
5. LEAN Project - Streamline Work Paper Development
Mr. Harmon will brief the Committee on project to eliminate printing of audit work papers

Documents:

[ITEM 5 - REPORT 16-608 STREAMLINE WORK PAPER DEVELOPMENT LEAN PROJECT.PDF](#)
6. Hotline Update
Mr. Harmon will brief the Committee on concerns received through the hotline

Documents:

[ITEM 6 - 2016 DEC - HOTLINE UPDATE FINAL.PDF](#)
7. Other Business
Mr. Bestpith will ask if there are any other items members of the committee would like to discuss.

Documents:

[ITEM 7 - APA REPORT ON CONSTITUTIONALS.PDF](#)
[ITEM 7 - RESPONSE TO APA FINDING.PDF](#)
8. Adjournment
Mr. Bestpith will adjourn the meeting.

**REPORT OF INDEPENDENT ACCOUNTANT
ON APPLYING AGREED-UPON PROCEDURES**

Sheriff Tim Allen and
Honorable Members of the Roanoke City Council
City of Roanoke, Virginia

We have performed the procedures enumerated below, which were agreed to by the City of Roanoke, Virginia (the "City") and the Commonwealth of Virginia Auditor of Public Accounts, solely to assist you in evaluating your assertion that your office has maintained effective internal control over compliance adequate for complying with the Virginia Sheriffs' Accounting Manual (the "Manual") and the Code of Virginia, Sections 15.2-1609 through 15.2-1625 (the "Code") for the year ended June 30, 2016, in accordance with the Commonwealth of Virginia Auditor of Public Accounts' Specifications for Audits of Counties, Cities, and Towns (the "Specifications"), Section 2-7, *Inmate Canteen and Other Auxiliary Funds* and Section 2-8, *Sheriff's Internal Controls*. The Sheriff is responsible for maintaining effective internal controls over compliance. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and related findings are as follows:

1. We selected the following monthly bank reconciliations:

<u>Account Description</u>	<u>Month</u>
Canteen Fund	August 2015
Canteen Fund	November 2015
Canteen Fund	March 2016
Inmate Trust Fund	July 2015
Inmate Trust Fund	October 2015
Inmate Trust Fund	April 2016

Results: We determined that the canteen fund and inmate trust fund bank account reconciliations were properly reconciled in a timely manner.

2. We selected the following sample of canteen fund deposits from a listing of canteen fund account activity:

<u>Date</u>	<u>Amount</u>
08/17/2015	\$ 24,345.39
11/17/2015	24,380.17
03/16/2016	23,741.51

Results: For each transaction selected, we determined that the deposit was posted accurately in the respective canteen fund account based upon review of the wire transfer made directly to the Sheriff's Department.

3. We selected the following sample of canteen purchases by inmates using inmate trust funds:

<u>Date</u>	<u>Receipt #</u>	<u>Amount</u>	<u>Date</u>	<u>Receipt #</u>	<u>Amount</u>
07/15/2015	A2707607	\$ 4.58	08/28/2015	A2737156	\$ 11.05
07/24/2015	A2709143	123.44	08/28/2015	A2736873	17.86
07/24/2015	A2710008	23.13	02/05/2016	A2857315	11.88
07/27/2015	A2712269	20.60	02/08/2016	A2858155	16.90
07/27/2015	A2711536	28.28	02/08/2016	A2859654	14.91
08/17/2015	A2728369	102.93	02/08/2016	A2859503	4.58
08/17/2015	A2728562	4.58	02/08/2016	A2859923	58.49
08/17/2015	A2728436	12.71	03/11/2016	A2884736	27.63
08/19/2015	A2730148	28.32	03/11/2016	A2885053	27.20
08/19/2015	A2729239	9.72	03/11/2016	A2884765	16.29
08/19/2015	A2730261	6.56	03/30/2016	A2898676	15.08
08/19/2015	A2730057	17.22	03/30/2016	A2898063	5.63
08/28/2015	A2737152	120.35			

Results: For each transaction selected, we determined the transaction was properly authorized by the inmate and the receipts were kept as part of the inmates record as required by 6VAC15-40-90 of the *Minimum Standards for Local Jails and Lockups*.

4. We selected the following sample of canteen expenses from the general ledger accounts:

<u>Date</u>	<u>Check #</u>	<u>Amount</u>	<u>Date</u>	<u>Check #</u>	<u>Amount</u>
07/03/2015	1838	\$ 128.48	12/01/2015	1946	\$ 245.00
07/21/2015	1856	4,767.00	12/15/2015	1958	613.72
07/29/2015	1862	664.10	12/18/2015	1964	522.12
08/12/2015	1870	324.00	12/15/2015	1966	116.20
08/21/2015	1876	22,168.52	01/06/2016	1975	61.30
08/26/2015	1880	164.45	01/13/2016	1979	444.26
09/05/2015	1886	44.99	01/21/2016	1987	106.56
09/11/2015	1901	1,214.80	02/02/2016	1990	21.94
10/09/2015	1916	1,132.00	02/02/2016	1997	300.00
10/16/2015	1922	1,148.00	02/10/2016	2005	495.18
10/20/2015	1928	10.00	03/01/2016	2020	2,386.98
11/01/2015	1935	2,357.50	03/08/2016	2034	795.00
11/12/2015	1941	49.71			

Results: For each transaction selected, we determined that the disbursement benefited the inmates based on the allowable costs guidelines described within the Specifications, Section 2-7.

5. We selected the following sample of commissary purchases made by the jail during the year:

<u>Date</u>	<u>Check #</u>	<u>Amount</u>
07/23/2015	80643	\$ 13,631.45
08/12/2015	80788	16,462.43
09/16/2015	81175	13,318.52
12/15/2015	81995	10,147.99
01/20/2016	82320	12,619.44
03/16/2016	82873	16,747.93
04/12/2016	83156	14,787.55
09/03/2015	81034	30,888.66
11/04/2015	81663	29,289.22
04/06/2016	83105	34,363.98

Results: In accordance with the Manual, we determined that the jail maintained a system of internal control to approve purchases, make payments by check, and approve vendor invoices.

6. We selected the following sample of inmate fund deposits from a listing of inmate trust account activity:

<u>Post Date</u>	<u>Receipt #</u>	<u>Amount</u>	<u>Post Date</u>	<u>Receipt #</u>	<u>Amount</u>
07/16/2015	BP1655	\$ 2,891.77	11/06/2015	A2791621	\$ 8,692.50
07/24/2015	BP2131	1,010.45	12/07/2015	BP8404	2,888.00
08/13/2015	BP3135	1,323.77	12/11/2015	BP8617	1,685.73
08/21/2015	A2732411	5,131.55	12/17/2015	BP8865	1,271.00
08/26/2015	BP3799	5,834.38	12/23/2015	BP9284	964.66
09/03/2015	BP4213	2,240.79	12/30/2015	BP9632	3,928.14
09/09/2015	BP4455	3,935.00	01/05/2016	BP9904	1,365.69
09/11/2015	A2749031	8,250.25	01/08/2016	A2838447	4,332.25
09/18/2015	BP4922	1,689.00	01/20/2016	BP10443	1,750.06
09/24/2015	BP5155	1,210.30	03/08/2016	BP12504	3,149.78
10/01/2015	BP5501	1,529.00	03/25/2016	A2895760	5,531.05
10/07/2015	BP5784	1,976.84	04/07/2016	BP13685	1,188.00
10/09/2015	A2770475	8,412.25			

Results: For each transaction selected, we determined that the deposit was posted accurately in the respective inmate trust account and deposited in a timely manner.

7. We selected the following sample of inmate trust fund withdrawals from the Sheriff's general ledger:

<u>Date</u>	<u>Check #</u>	<u>Amount</u>	<u>Date</u>	<u>Check #</u>	<u>Amount</u>
11/20/2015	81789	\$ 21.70	05/07/2016	83392	\$ 1,013.16
07/19/2015	80605	23.80	12/08/2015	81932	0.50
03/20/2016	82909	124.00	12/23/2015	82118	16.59
03/13/2016	82842	19.00	12/02/2015	81875	52.94
02/04/2016	82444	0.03	04/09/2016	83123	38.00
07/01/2015	80426	14.96	04/17/2016	83196	10.00
01/19/2016	82314	2.00	09/05/2015	81047	49.13
02/07/2016	82482	4.23	08/30/2015	80978	2.17
09/15/2015	81168	119.14	03/06/2016	82764	14.43
02/02/2016	82422	304.09	09/30/2015	81329	59.64
02/08/2016	82485	4.06	04/25/2016	83289	12.14
05/31/2016	83619	160.22	11/23/2015	81815	30.51
04/15/2016	83185	7.15			

Results: In accordance with the Manual, we determined that each disbursement was properly authorized, properly supported, contained appropriate check signers, and was disbursed from the appropriate inmate's account.

8. We selected the following sample of revenues related to inmate trust fund withdrawals for administrative charges and services that were remitted to the City of Roanoke, Virginia Treasurer:

<u>Date</u>	<u>Deposit #</u>	<u>Amount</u>	<u>Date</u>	<u>Deposit #</u>	<u>Amount</u>
07/22/2015	B.13179	\$ 1,729.69	01/13/2016	H.412	\$ 176.83
08/26/2015	H.11606	1,605.63	02/10/2016	F.2033	183.32
09/23/2015	C.11100	1,375.97	05/04/2016	H.5412	255.85
11/10/2015	H.15363	1,486.11	07/17/2015	B.12833	125.00
01/13/2016	H.412	1,486.13	10/08/2015	H.13959	55.00
02/10/2016	F.2033	1,920.93	10/30/2015	H.14848	160.00
05/04/2016	H.5412	2,104.62	11/19/2015	H.15569	170.00
07/22/2015	B.13179	164.26	02/12/2016	F.2034	190.00
08/26/2015	H.11606	219.44	03/11/2016	H.2556	150.00
09/23/2015	C.11100	283.75	05/20/2016	E.5128	130.00
11/10/2015	H.15363	206.27			

Results: In accordance with the Manual, for each deposit selected we noted that the receipt of funds was properly supported and deposit was made on a timely basis.

9. We selected the following sample of medical co-payment fees for inmate medical services:

<u>Date</u>	<u>Receipt #</u>	<u>Amount</u>	<u>Date</u>	<u>Receipt #</u>	<u>Amount</u>
05/07/2016	CJ340	\$ 5.00	02/28/2016	BC4777	\$ 10.00
02/19/2016	BC4493	5.00	11/06/2015	BC4120	10.00
11/20/2015	BC4221	10.00	04/03/2016	CJ203	10.00
03/29/2016	CJ145	15.00	11/06/2015	BC3884	20.00
11/12/2015	BC4058	30.00	05/20/2016	CJ1038	15.00
05/24/2016	CJ1226	5.00	03/04/2016	BC4978	5.00
05/13/2016	CJ438	10.00	05/24/2016	CJ1250	5.00
02/27/2016	BC4759	15.00	04/20/2016	CJ268	15.00
12/21/2015	BC4335	5.00	11/12/2015	BC4149	20.00
01/29/2016	BC4555	10.00	03/29/2016	CJ124	10.00
05/19/2016	CJ954	15.00	11/08/2015	BC4024	25.00
11/12/2015	BC4087	10.00	07/17/2015	BC2694	10.00
05/19/2016	CJ927	10.00			

Results: For each transaction selected, we determined the transaction was properly authorized by the inmate and that the disbursement benefited the inmate based on the allowable costs guidelines described within the Specifications, Section 2-7 and that the fee defrayed the inmate medical program costs.

10. We selected the following receipts related to the DARE Program:

<u>Date</u>	<u>Receipt #</u>	<u>Amount</u>
05/14/2016	2041	\$ 80.00
05/24/2016	2071	240.00
05/16/2016	2065	300.00
05/11/2016	2039	60.00
05/14/2016	2055	60.00
05/14/2016	2060	60.00
03/25/2016	2023	100.00

Results: In accordance with the Manual, official pre-numbered receipts are kept on hand to support funds collected for the program and deposits are made in a timely manner.

11. We selected the following expenditures related to the DARE Program:

<u>Date</u>	<u>Credit Card Account</u>	<u>Amount</u>
8/14/2015	7132	\$ 2,448.49
4/25/2016	4849	276.21

Results: In accordance with the Manual, control procedures surrounding these expenditures were designed and implemented as expenditures were made for program purposes and approved by the Sheriff.

12. We selected the following sample of Court Support Service receipts from the Sheriff's receipt book:

<u>Date</u>	<u>Receipt #</u>	<u>Amount</u>	<u>Date</u>	<u>Receipt #</u>	<u>Amount</u>
07/03/2015	2220	\$ 12.00	01/19/2016	2301	\$ 75.00
07/17/2015	2224	12.00	02/23/2016	2308	75.00
08/07/2015	2231	12.00	02/26/2016	2311	12.00
08/18/2015	2233	75.00	03/04/2016	2114	12.00
09/09/2015	2238	12.00	03/25/2016	2122	75.00
09/21/2015	2252	12.00	04/07/2016	2124	75.00
10/06/2015	2260	12.00	04/13/2016	2128	12.00
10/20/2015	2266	75.00	04/22/2016	2132	12.00
11/03/2015	2273	24.00	05/09/2016	2139	12.00
11/23/2015	2280	75.00	05/16/2016	2141	24.00
12/10/2015	2286	75.00	05/19/2016	2143	75.00
12/28/2015	2294	75.00	05/23/2016	2144	75.00
01/13/2016	2300	12.00			

Results: In accordance with the Manual, each transaction selected was properly supported by bank receipt and underlying support, deposited timely, and properly recorded in the Sheriff's receipt register.

13. We selected the following sample of work release weekly transmittals from the Sheriff's records:

<u>Date</u>	<u>Receipt #</u>	<u>Amount</u>
10/26/2015	BP6440	\$ 144.00
01/04/2016	BP9817	128.00

Results: In accordance with the Manual, each deposit was properly recorded in the Sheriff's receipt register with appropriate receipt approval and review, and deposited in a timely manner.

14. We selected the following monthly prisoner reimbursement billings:

<u>Invoice #</u>	<u>Month</u>	<u>Amount</u>
2039	August 2015	\$ 6,510.00
2064	November 2015	7,290.00
2088	February 2016	85,380.00
2090	March 2016	80,100.00

Results: In accordance with the Manual, each of the monthly billings selected was properly supported and billed to other localities. Upon receipt of payment, we determined that deposits were made in a timely manner.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the effectiveness of internal control over compliance with the Manual and the Code, Sections 15.2-1609 through 15.2-1625. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City Council and management, the City Sheriff and the Commonwealth of Virginia Auditor of Public Accounts and is not intended to be and should not be used by anyone other than these specified parties.

Cherry Beckett LLP

Roanoke, Virginia
November 30, 2016

Report of Independent Accountant

The Honorable Members of the City Council
City of Roanoke, Virginia

We have examined management's assertion that the census data reported to the Virginia Retirement System by the City of Roanoke, Virginia (the "City") during the year ended June 30, 2016, were complete and accurate based on the criteria set forth by the Virginia Retirement System and the Board of Trustees' plan provisions as mandated by the Code of Virginia Section 51.1-136. The City's management is responsible for the assertion. Our responsibility is to express an opinion on the assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting management's assertion and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, management's assertion referred to above is fairly stated, in all material respects, based on the requirements to be met by participants in the Virginia Retirements System as defined by the Virginia Retirement System and the Board of Trustees' plan provisions as mandated in the Code of Virginia Section 51.1-136. Our sampling methodology and determination of control environments are included in Appendix A to this report.

This report is intended solely for the information and use of the City of Roanoke, Virginia, and the Auditor of Public Accounts of the Commonwealth of Virginia and is not intended to be, and should not be, used by anyone other than these specified parties.



Roanoke, Virginia
September 29, 2016

We identified one control environment during this review for which the City of Roanoke, Virginia was responsible.

The following table reflects the population size and sample size for each procedure performed over the control environment for which the City of Roanoke, Virginia was responsible:

Required Attest Procedures	Population Size	Sample Size	Risks and Other Considerations Used to Determine Sample Size
Review of Census Data Elements	242	35	Per AICPA guidance within AT Section 101, based on a 5% tolerable deviation rate to obtain an 85% confidence level expecting no deviations.
Review of Eligibility of Newly Enrolled Members Reported to the VRS	22	3	Based upon the AICPA sample design, size, and selection as defined in AU-C Section 530 of the AICPA Professional Standards, for populations less than 250.
Review of Monthly <i>myVRS</i> Navigator Contribution Confirmation Reconciliations	12	2	Based upon the AICPA sample design, size, and selection as defined in AU-C Section 530 of the AICPA Professional Standards for monthly operating controls.
Review of <i>myVRS</i> Navigator System Access	5	2	Based upon the AICPA sample design, size, and selection as defined in AU-C Section 530 of the AICPA Professional Standards for populations less than 250.



Municipal Auditing
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December 9, 2016

William D. Bestpitch, Audit Committee Chair
Anita J. Price, Audit Committee Member
Michelle Dykstra, Audit Committee Member
Mayor Sherman P. Lea, Sr., Audit Committee Member (Ex-Officio)

Chairman Bestpitch and Members of the City Audit Committee:

As you know, the Audit Committee engaged Cherry Bekaert, LLP, to perform audits of the financial reports for the City, City Pension and Greater Roanoke Transit Company (GRTC) for the year ending June 30, 2016. Representatives from Cherry Bekaert briefed you on the plan for these audits at your June 8th committee meeting.

The briefing outlined the various audit requirements specified by the Commonwealth of Virginia and the United States Government. The following opinions and reports were expected to be issued by November 30:

- Report on Virginia Retirement System Census Data
- Report on Sheriff's Internal Controls
- Opinion on GRTC's Financial Statements
- Opinion on the Pension Plan's Comprehensive Annual Financial Report
- Opinion on the City's Comprehensive Annual Financial Report
- Report on Internal Control and Compliance for Major Federal Grants (Single Audit)
- Report on Internal Controls Over Financial Reporting, Compliance and Other Matters
- Report on Compliance with Virginia Specifications
- Report on the City's compliance with the Uniform Financial Reporting Manual when filing the Comparative Cost Transmittal Form.

As of this writing, the City and Pension CAFRs are in final draft and Cherry Bekaert is working to wrap up its audit work. The City was unable to meet the State's November 30th deadline for filing audited financial reports with the Auditor of Public Accounts. We anticipate all audit work will be completed and required reports filed by the end of December.

GRTC's financial statements were completed in November and discussed with GRTC's Board at its November 21st meeting. The reports on VRS Census Data and the Sheriff's Internal Controls are complete and have been included with this letter. Representatives from Cherry Bekaert will provide a briefing to the Committee on Wednesday and may have final reports available at that time.

Very truly yours,

Drew Harmon, CPA, CIA
Municipal Auditor

Attachments

- Report of Examination of VRS Census Data
- Report on Sheriff's Internal Controls

cc: Chris Morrill, City Manager
Barbara Dameron, Director of Finance
Dan Callaghan, City Attorney
Rob Churchman, Partner, Cherry Bekaert

MUNICIPAL AUDITING REPORT CITY OF ROANOKE



City Council Expenditures

December 12, 2016

Report Number: 17-004
Audit Plan Number: 17-002

*Municipal Auditing Department
Chartered 1974*

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Phone 540.853.5235

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BACKGROUND

On April 21, 2008, City Council passed a resolution approving the Travel and Expense Policy for City Council. This policy established that Council Members are subject to the City’s Administrative Procedures, while also addressing aspects of travel, business meals, outreach and budgeting that are unique to their roles. The guidelines also included a requirement that Municipal Auditing review Council expenditures annually for compliance with provisions of the policy. During September 2011, City Council adopted revisions to the guidelines that provide for the acknowledgement of rewards and special recognitions.

General expenditures necessary to conduct City Council business are accounted for in a centralized City Council cost center. These general expenditures encompass items such as advertising notices for public meetings, hosting of special events, installing and replacing technology, and hiring appointed officers.

Each Council Member is provided a separate budget for personnel costs, as well as individually incurred discretionary costs related to training, travel, business meals, and communications. All City Council costs centers are encompassed under the City Council Department [Dept 200]. Management has established a unique accounting unit for each Council Member as follows:

Unit	Unit Title	Adopted FY2016 Budget	Ending FY2016 Budget*	Actual FY2016 Expenditures*
1110	City Council	\$ 72,405	\$ 65,368	\$ 61,639
1111	Mayor Bowers	\$ 48,040	\$ 36,380	\$ 35,177
1113	Vice Mayor Trinkle	\$ 25,505	\$ 27,998	\$ 27,966
1112	Council Member Lea	\$ 24,672	\$ 25,328	\$ 25,326
1116	Council Member Price	\$ 26,445	\$ 29,159	\$ 29,068
1117	Council Member Rosen	\$ 29,997	\$ 33,427	\$ 33,424
1154	Council Member Bestpitch	\$ 29,037	\$ 31,988	\$ 31,930
1158	Council Member Ferris	\$ 29,037	\$ 30,052	\$ 30,040
	Total for Department 200	\$ 285,138	\$ 279,700	\$ 274,570

*Per AC532 Report, November 3, 2016

The City Clerk’s Office serves as administrative support to Members of City Council. This includes securing travel arrangements, preparing required forms, obtaining approvals, and ensuring Council Members are generally informed as to policies and the status of their spending. The City Clerk is also responsible for reviewing Council Members’ monthly purchasing card statements and verifying receipts have been submitted to document the items or services purchased.

OBJECTIVES

1. To determine if Members of City Council substantially complied with the Travel and Expense Policy adopted September 6, 2011.
2. To determine if Council expenditures were appropriately classified and in accordance with the adopted budget for the Fiscal Year ending June 30, 2016.

SCOPE

Our review encompassed all City Council expenditures for the period from July 1, 2015 through June 30, 2016.

METHODOLOGY AND RESULTS

1. We reviewed 100% of budget transfers to verify each appeared reasonable and those related to Council travel were properly approved.

There were 13 budget transfers during the year including those that:

- *Moved funds in relation to mandatory city-wide budget reallocations [one (1) transfer]*
- *Provided additional funds to or reallocated funds amongst Council Members for business meals, as well as training and travel [ten (10) transfers]*
- *Re-allocated personal services costs at year-end [one (1) transfer]*
- *Additional year-end discretionary budget adjustments [one (1) transfer]*

Budget transfers appeared reasonable. However, supporting documentation to reflect approval by a simple majority of Council was not on file for seven (7) transfers related to Council business meals, training and travel.

Management Response:

The City Clerk received verbal approval from Council Members for the business meals, training and travel budget amendments. However, it is often logistically difficult to obtain their written approval. She asked to work with Municipal Auditing to develop a form which could be signed by Council Members as they are on-site for various meeting. Municipal Auditing will help develop a form to streamline the approval process.

2. We compared actual expenditures to final amended budgets.

Total actual expenditures of \$274,570 were \$5,130, or 1.8%, less than the final amended budget of \$279,700. Line item variances were immaterial in amounts.

3. We reviewed 100% of "Training and Development" expenditures for each Council Member and verified compliance with the following requirements:
- a. Proper forms were completed
 - b. Forms were signed by Council Member
 - c. Forms were signed by Management and Budget
 - d. Expenditures appeared related to City of Roanoke business
 - e. Proper supporting documentation accompanied travel forms
 - f. Expenditures were within City of Roanoke Travel and Purchasing Card Policy guidelines

Training and Development expenditures totaled approximately \$14,624 for Fiscal Year 2016. These disbursements were accompanied by properly signed and approved travel forms, were related to City business, had proper supporting documentation, and were substantially within the guidelines of the City of Roanoke Travel and Purchasing Card Policies.

4. We selected a 100% of "Business Meals and Travel" expenditures for each Council Member and the City Council cost center. These were verified for compliance with the following requirements:
- a. Proper forms were completed
 - b. Forms were signed by Council Member
 - c. Forms were approved by Management and Budget
 - d. Expenditures appeared related to City of Roanoke business
 - e. Proper supporting documentation accompanied travel forms
 - f. Expenditures were within City of Roanoke Travel and Purchasing Card Policy guidelines

Business Meals and Travel expenditures totaled approximately \$6,458 for Fiscal Year 2016. These disbursements were accompanied by properly signed and approved travel forms, were related to City business, had proper supporting documentation, and were within the guidelines of the City of Roanoke Travel and Purchasing Card Policies.

5. We reviewed 100% of expenditures posted to the City Council cost center (excluding postage and internal services) and verified compliance with the following requirements:
- a. Invoices were on file
 - b. Expenditures appeared reasonable
 - c. Expenditures were posted to the correct line item
 - d. Monthly Purchasing Card statements were signed by the City Clerk

We reviewed 120 expenditures totaling approximately \$35,728. These disbursements appeared reasonable and supporting invoices were on file. Additionally, monthly Purchasing

Card statements were reviewed and signed by the City Clerk and posted to the correct line item.

- 6. We reviewed the City Clerk's correspondence with Council Members in order to verify each member was provided with a monthly report of detailed expenditures on a timely basis.

We determined that the City Clerk's Office provided Members of City Council a summary report of expenditures timely for 12 of the 12 months (100%).

- 7. We requested that each Member of City Council sign a statement certifying that all of his or her expenditures were, to the best of his or her knowledge, in accordance with City policy and necessary to fulfill his or her duties.

All Council Members provided confirmation that their expenses were necessary to fulfill their duties and in accordance with City policy, to the best of their knowledge.

CONCLUSION

Members of City Council substantially complied with the Travel and Expense Policy and expenditures were materially classified correctly in accordance with the adopted budget for the Fiscal Year ending June 30, 2016.

We would like to thank staff from the City Clerk's Office, Department of Management and Budget and Department of Finance, as well as the Members of City Council, for their assistance and cooperation in completing this review.



Wayne Parker, CFE
Senior Auditor



Dawn Hope Mullins, CPA
Assistant Municipal Auditor



Drew Harmon, CPA, CIA
Municipal Auditor

**Exhibit 1
Council Members
Budget to Actual Expenditures
For Fiscal Year 2016**

Council Member	Personal Services	Telephone / Internet / Fax	Telephone - Cellular (1)	Administrative Supplies	Dues and Memberships	Internet Services	Training & Development	Business Meals & Travel	Total Expenditure	Final Budget	\$ Under Budget	% Under Budget
Mayor Bowers	\$ 30,786	\$ 559	\$ 485	\$ 7	\$ -	\$ -	\$ 100	\$ 3,240	\$ 35,177	\$ 36,380	\$ 1,203	3.3%
Vice Mayor Trinkle	\$ 23,339	\$ 360	\$ 894	\$ -	\$ -	\$ 378	\$ 2,939	\$ 55	\$ 27,965	\$ 27,998	\$ 33	0.1%
Council Member Bestpitch	\$ 27,845	\$ -	\$ 362	\$ -	\$ 10	\$ -	\$ 2,969	\$ 744	\$ 31,930	\$ 31,988	\$ 58	0.2%
Council Member Ferris	\$ 27,954	\$ -	\$ 604	\$ -	\$ -	\$ -	\$ 1,322	\$ 160	\$ 30,040	\$ 30,052	\$ 12	0.0%
Council Member Lea	\$ 21,628	\$ 238	\$ 604	\$ -	\$ -	\$ 393	\$ 1,773	\$ 690	\$ 25,326	\$ 25,328	\$ 2	0.0%
Council Member Price	\$ 21,831	\$ 173	\$ 604	\$ -	\$ -	\$ -	\$ 5,521	\$ 939	\$ 29,068	\$ 29,159	\$ 91	0.3%
Council Member Rosen	\$ 32,199	\$ 187	\$ 623	\$ -	\$ -	\$ 390	\$ -	\$ 25	\$ 33,424	\$ 33,427	\$ 3	0.0%
Total:	\$ 185,582	\$ 1,517	\$ 4,176	\$ 7	\$ 10	\$ 1,161	\$ 14,624	\$ 5,853	\$ 212,930	\$ 214,332	\$ 1,402	0.7%

Per AC532 Report, as of November 3, 2016

(1) Includes both direct payments for cellular services and stipends paid to Council Members

Exhibit 2
City Council Unit
Budget to Actual Expenditures
For Fiscal Year 2016

Line Item	Actual Expenditures	Final Budget	\$ Under/(Over) Budget	% Under/(Over) Budget
Fees for Professional Services	\$ 367	\$ 2,780	\$ 2,413	86.8%
Administrative Supplies	\$ 3,357	\$ 4,764	\$ 1,407	29.5%
Expendable Equipment	\$ 205	\$ -	\$ (205)	n/a
Dues and Memberships	\$ 8,581	\$ 9,101	\$ 520	5.7%
Training and Development (1)	\$ -	\$ 1,276	\$ 1,276	100.0%
Food	\$ 3,147	\$ 5,040	\$ 1,893	37.6%
Printing	\$ 248	\$ 750	\$ 502	66.9%
Special Events	\$ 11,159	\$ 14,200	\$ 3,041	21.4%
Business Meals and Travel	\$ 605	\$ -	\$ (605)	n/a
Gratuities	\$ 8,058	\$ 5,008	\$ (3,050)	(60.9%)
Postage	\$ 90	\$ 500	\$ 410	82.0%
Internal Printing	\$ -	\$ 250	\$ 250	100.0%
Internal Services	\$ 25,822	\$ 25,822	\$ -	0.0%
Flexible Overhead Reductions	\$ -	\$ (4,123)	\$ (4,123)	n/a
Total:	\$ 61,639	\$ 65,368	\$ 3,729	5.7%

Per AC532 Report, as of November 3, 2016

(1) City Council ended the year with a \$1,276 surplus in the travel contingency.

**CITY OF ROANOKE, VIRGINIA
REVISED
TRAVEL AND EXPENSE POLICY FOR CITY COUNCIL
September 6, 2011**

The purpose of this policy is to establish guidelines for the Members of City Council for the expenditure of City funds for travel and other expenses. Council recognizes the responsibility of its Members to represent the City on various occasions, and it is the intent of this policy to guide Council Members as to the appropriateness of incurring expenses for such occasions. Council also acknowledges the need for an equitable policy, one that is in keeping with its obligation to be accountable to the citizens of the City of Roanoke.

The following provisions relating to travel and other reimbursable expenses shall apply to the Members of City Council:

1. Members of City Council shall be subject to City Administrative Procedures pertaining to purchasing, travel, and business expenses, except as otherwise provided in Subsection 7.
2. Documentation: It shall be the duty of the City Clerk's Office to prepare the required documents for travel and business expenses for Members of Council as prescribed by administrative procedures. The Member of Council for whom forms are prepared shall review them for accuracy and personally sign the forms. The Director of Management and Budget shall review these forms for completeness and compliance with City policy before signing as approver.
3. Budgeting: Each Member of City Council shall be allocated funds for phone and internet services, dues and memberships, training, business meals, gratuities, and postage through the City's annual budgeting process. Budget transfer requests must be justified in writing and shall require approval by a simple majority of the other Members of City Council.
4. Meals with Members of Council, Council-Appointed Officers, or members of City boards and commissions will be reimbursed to the extent funding is available. Meals that are principally related to understanding and promoting the mutual interests of the citizens of Roanoke shall qualify for reimbursement to the extent funding is available. The names of the persons who dined, the purpose of the meeting and an itemized receipt must be provided to the City Clerk's Office for appropriate processing.

5. **Boards and Commissions:** Travel is authorized for Members to attend meetings of the Virginia Municipal League and the National League of Cities, and for service on committees or as officers of such organizations. In addition, the Mayor is authorized to attend the annual conference of the U. S. Conference of Mayors. Travel is also authorized for Council Members to attend meetings of organizations or groups to which they have been appointed by Council to represent the City. All other travel by Members of Council shall be approved in advance by the Council. If advance approval by Council is not feasible, advance approval from the Mayor shall be obtained. The City Clerk shall sign all travel vouchers submitted by Council Members certifying that the travel has been approved by Council and is in compliance with this policy.
6. **Community Events:** As government dignitaries, Members of City Council are expected to represent the City at events hosted by charities and other public service oriented organizations. The cost of admission to such events will be paid by the City to the extent provided for within each Council Member's budget. A printed invitation or announcement of the event indicating the date, sponsoring organization and costs must be provided to the City Clerk's Office for payment or reimbursement.
7. **Rewards and Special Recognition:** Roanoke City Council believes that, under certain circumstances, it is appropriate to recognize hard work, exceptional achievements and certain critical events relating to its employees and citizens. In this regard, Council's appreciation may be expressed through the provision of a tangible reward or a non-monetary expression of gratitude or sympathy. Therefore, City Council may elect to approve the expenditure of City funds for recognitions that generally fall within the following categories:
 - 1) Exceptional performance of an employee, individual, or group;
 - 2) Retirement of an employee or individual who has rendered exceptional service, extraordinary longevity, etc.;
 - 3) Serious illness or death;

- 4) Other: It is acknowledged that occasions may arise that are worthy of recognition by City Council which are not otherwise addressed in this Policy. In such cases, the City Clerk may expend funds for such purpose, after having obtained the informal concurrence of a majority of the members of City Council.
8. The City Clerk's Office shall provide an overview of appropriate administrative procedures and a copy of this policy to the Members of Council, as well as any future revisions.
9. The City Clerk's Office shall provide Members of Council with a monthly report of detailed expenditures.
10. The Municipal Auditing department shall review Council expenditures annually for compliance with this policy.

MUNICIPAL AUDITING REPORT CITY OF ROANOKE



Lean Project: Streamline Work Paper Development

November 08, 2016

Report Number: 17-008
Audit Plan Number: 16-608

*Municipal Auditing Department
Chartered 1974*

www.roanokeva.gov/auditing

Phone 540.853.5235

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Project Summary

Goal of the project

To reduce time and waste (paper and other resources) in the work paper development process.

Key findings

The following waste was identified in the current work paper development process:

- Defects
 - a. Re-work due to errors noted/changes made (work paper development and storage destruction (RM-3))
- Inventory
 - a. Average work paper contains seven (7) printed pages.
 - b. Average audit contains 106 work papers, which equals 776 printed pages.
- Over production
 - a. Work papers printed and maintained on the network drive
 - b. Work papers stored in file room and on the network drive
- Waiting
 - a. Reliance on third party to destroy manual work papers
- Motion
 - a. To and from printer
 - b. To and from inbox/offices for review
 - c. To and from file room

Summary of improvements

After measuring and analyzing the work paper development process, we decided to implement the following improvements:

1. **Discontinue printing work papers:** Upon completion of a work paper, auditor no longer prints the work paper, but rather, saves the work paper and all supporting documentation on the network drive.
2. **Electronically notify reviewer of work paper completion:** Auditor emails the reviewer to notify him or her that the work paper is ready for review.
3. **Electronically update audit programs (document completion of work):** Auditor updates the Audit Program (in Excel) for each work paper section with his or her initials and the date the work paper was completed.
4. **Electronically review and document feedback:** Reviewer reviews the work paper and all supporting documentation on the shared network, and documents changes/questions

or comments using Track Changes for Word documents. If changes are needed to an Excel or PDF document, the reviewer notates those changes in a different color font.

5. **Electronically notify auditor of work paper approval:** Reviewer replies to the email (received from auditor indicating work paper completion) to notify the auditor that the work paper has been approved. The auditor makes the necessary adjustments to the work paper, accepts the changes as appropriate, and saves the work paper on the shared network.
6. **Electronically update indexes (document approval):** Once the work paper has been approved, the reviewer adds his or her initials to the electronic Index and types in the date to signify review and approval of the work paper.
7. **Electronically create formal record:** Once the audit has been completed, including the final report, all work papers are combined into a single PDF file which is maintained in the audit folder on the shared network. This PDF file serves as the formal public record of the audit work to be used for public inquiries and quality assurance reviews.
8. **Reduce manual records to store and destroy:** Hardcopy and digital records are purged each year according to the Library of Virginia Record Retention guidelines. The volume of hardcopy records will decrease each year as a result of the streamlined work paper process.
9. **Eliminate third party:** The City contracts with Lawrence Data Management for storage and destruction of manual records for all departments. The volume of hardcopy records for destruction will decrease each year as a result of the streamlined work paper process.

Note: the process for shredding manual documents will continue for eight (8) years until all current manual work papers have been destroyed. By 2024, all work papers should be electronic only; at this point, the manual shredding part of the process can possibly be eliminated.

Results

Resource Reduction

Based on Municipal Audit's goal of eight (8) completed audits per Senior Auditor each fiscal year, and four (4) Senior Auditors in the department, we anticipate completing thirty-two (32) audits per year. Per the calculations in the "Measure" phase of this project, we print, on average, a total of 776 pieces of paper (including dividers) per audit. Therefore, by not printing our work papers, we should save approximately 24,832 pieces of paper per year.

Time Reduction (labor hours)

Per the calculations in the “Measure” phase of this project, we currently spend approximately 2,534 minutes (or 42.23 hours) on developing, binding, storing, and destroying one (1) audit. Our anticipated process improvements will result in approximately 2,159 minutes (or 35.98 hours) spent on developing, storing, and destroying one (1) audit. This is a total savings of 6.26 labor hours per audit. Based on the goal of eight (8) completed audits per Senior Auditor each fiscal year, and four (4) Senior Auditors in the department, we anticipate completing thirty-two (32) audits per year. This would result in anticipated savings of approximately 200.17 labor hours per year for the department.

Cost Reduction (actual dollars)

Due to the reduction in printing, the Municipal Audit Department can anticipate to save approximately \$203.50 per year on paper alone. Similarly, the reduction in labor hours translates to an annual savings of \$7,306.

Lead Time Reduction

The anticipated lead time reduction is insignificant.



LEAN Process

Project Charter Form

Lean Project Name:	Streamline Workpaper Development		
Group Members:	Cari Spichek		
	Ann Clark		
	Drew Harmon		
Process Owner:	Drew Harmon	Business Area:	Municipal Audit
Opportunity or Problem Statement: (What is the problem?)	<p>There is considerable time and resource cost to printing, reviewing, approving, correcting, binding and storing workpapers. Audit workpapers can vary in length from one (1) page to 20+ pages, depending on the content. Once the preparer has completed the workpaper, it is printed and physically carried to the reviewer. The reviewer may make notes on the workpaper or suggest changes, and then physically carries it back to the preparer. If changes need to be made, the preparer makes the changes, re-prints the workpaper, and carries it back to the reviewer for final approval.</p> <p>Once a workpaper is approved, the preparer punches holes in the document and places the workpaper in the correct order within the audit binder. Once the audit is completed, all workpapers are bound using thick (cardstock) binding paper and stored in the Municipal Audit file room.</p> <p>The following resources are used at some point during the manual workpaper completion process:</p> <ul style="list-style-type: none"> • Paper (some workpapers may be printed multiple times due to review and re-work) • Cardstock (used to separate between workpapers that are more than five (5) pages) • Staples, white out, ink, hole reinforcements, highlighters, erasers, etc. • Staff time (walking to and from copier, walking to and from inbox to drop off workpaper, re-printing, hole punching, stapling, staple removing, placing workpapers in binder, binding workpapers, storing workpapers in file room) <p>There is also a cost associated with destroying workpapers at the destruction date.</p>		



LEAN Process

Project Charter Form

Business Impact: (How does this problem impact your unit or customers?)	The manual workpaper process impact's Municipal Audit's customers by the increased time it takes to complete workpapers. This ultimately translates into the increased time it takes to complete the entire audit and issue the report. The report cannot be issued to management until all workpapers are finalized, reviewed and approved.		
Goal Statement: (What would you like to see accomplished?)	We would like to see the amount of waste (in the form of paper, ink and cardstock) reduced, as well as the amount of time reduced for workpaper development.		
Start Date:	4/6/16	End Date:	9/21/16
Project Champion's Signature:		Date:	4/6/16

Define Tollgate

Project Name: Streamline Work Paper Development

Review the items below. Comment on any questions that you answer no below.

REQUIRED: Does the charter clearly define:

- A Quantified *Opportunity* including
- The *Business Impact*, and
- A measurable *Goal*

Yes – there is opportunity to have an impact on service (time and resources) for the Municipal Auditors, citizens, and members of Roanoke City and RCPS Audit Committees. The goal of reducing the amount of waste (in the form of resources as well as time) can be measured. The Municipal Auditing Department has discussed and agreed on average times currently used to complete the various steps of the work paper development process, and is currently measuring data on the volume of resources used in a given month. We should be able to see how any changes we make impact resource and time allocation.

REQUIRED: Have critical customer requirements been captured in terms that are measurable? **While the primary users of work papers are the auditors, the Roanoke City and RCPS Audit Committee members, as well as the citizens of the city, are also indirect users of the work papers. Accuracy is the most critical customer requirement in the creation of the work papers. Similarly, upon completion of an audit, accuracy remains as the most critical requirement as the customer becomes the audit committees and citizens, The International Standards for the Professional Practice of Internal Auditing state:**

- Internal auditors must document relevant information to support the conclusions and engagement results.
- Communications must be accurate, objective, clear, concise, constructive, complete, and timely.

Accuracy is a requirement that is somewhat difficult to measure.

REQUIRED: Have additional needed resources been identified in addition to team members? **Yes, the only additional resources we need are data. As noted above, we have discussed average times for work paper development, and are gathering data on resources used.**

Have the responsibilities of each team member been clearly defined? Are the expectations for each team member clear? **Yes – three (3) members of the Municipal Auditing staff will serve as a resource and an interested party only. Two (2) Senior Auditors are team members, and the Municipal**

	<p>Auditor is the approver, as well as the project champion. Each team member is aware of their roles.</p>
<p>Is the scope of the project reasonable and aligned with the problem, goals, and business impact? Yes – we have limited the scope to streamlining the development of one [1] work paper, from creation to filing and eventually, destruction. However, this ultimately is the process for an entire audit, as multiple work papers make up an entire audit.</p>	<p>Has a high level project tracking plan been developed with key milestones? Yes – we plan to use the DMAIC Tollgates as key milestones and will be able to track project progress utilizing these.</p>
<p>Have the customers been clearly identified? Yes – internal customers are the Municipal Auditors and members of the Roanoke City and RCPS Audit Committees. External customers are the citizens of Roanoke City.</p>	<p>Has a well-developed communication plan been created and agreed upon? Yes – we are all located within the same office suite which allows for ease of communication on a daily basis. We will also communicate with team members during staff meetings and other times as our work schedules allow in order to complete the project.</p>

Measure Tollgate

Project Name:	Streamline Work Paper Development	
Review the items below. Comment on any questions that you answer no below.		
<p>REQUIRED: Has a Value Stream Map been completed to better understand the process and highlight problem areas? Yes – see the Value Stream Maps of the current process on Exhibits 1 - 3.</p>	<p>REQUIRED: Has baseline performance(s) been established? This (These) measure(s) are what we will use to determine the project success. Yes – I have discussed with members of the department to get an accurate baseline of the current process. Additionally, I have performed several audits over the past year, and have a good understanding of the baseline process. The baseline process is documented on the Value Stream Maps (Exhibits 1 - 3).</p>	
<p>Has the team collected all necessary data (either existing data or newly measured data) to understand the baseline process? Yes – See Exhibit 4.</p>	<p>Have other mapping tools and diagrams been used to better understand the baseline process (spaghetti, concentration, etc.)? Yes</p>	
<p>Have Observations been conducted to better understand the baseline process and identify waste? Yes</p>		

Analyze Tollgate

Project Name:	Streamline Work Paper Development		
Review the items below. Comment on any questions that you answer no below.			
<p>REQUIRED: Has the team conducted a cycle time and lead time analysis, identifying areas where time and resources are devoted to tasks not critical to the customer? Yes – this was performed on the Value Stream Maps (Exhibits 1 - 3).</p>		<p>REQUIRED: Has the value-stream process been analyzed to identify areas to focus improvement efforts? Yes Where flow stops? Yes</p>	
<p>REQUIRED: Has the appropriate tool been used to identify root causes (5 whys, fishbone diagram, etc.)? Yes – 5 why's, fishbone, and FMEA were used to identify root causes and begin to explore recommendations.</p>		<p>REQUIRED: Have data analysis tools (such as pareto, histograms, etc.) been used if applicable to better understand the baseline situation and identify areas to focus improvement efforts? No – not applicable for this process.</p>	
<p>Has the current process been analyzed to identify waste and non-value added processes? Yes</p>			

Improve Tollgate

Project Name:

Streamline Work Paper Development

Review the items below. Comment on any questions that you answer "no" to below.

REQUIRED: Has the team seen evidence that the root causes of the initial problems have been addressed through pilot, test or initial implementation? **Yes**

Did the team create a Future State Map? And has all potential changes been communicated to all stakeholders? **Yes**

REQUIRED: Have potential solutions been fully defined and narrowed to focus on the root causes? **Yes**

Have tools been used to generate ideas and implement solutions? (7 Ways, 5S, Poka-yoke, SMED, TPM, Level-loading, etc.) **Yes – the team brainstormed during staff meetings**

REQUIRED: Has a formal implementation plan been put together? **Yes** This includes documentation such as SOPs and training plan update. **We revised our current procedures and updated templates and indexes to support the new process. We formally implemented our new process and have been using it.**

If needed, has the team assessed and put together a plan to manage risk? (FMEA) **We have addressed risk; however, a formal plan to manage risk is not considered necessary for this project.**

REQUIRED: Were the solutions verified with the project sponsor, process owners and all stakeholders? **Yes**

REQUIRED: Has performance been evaluated after implementing improvement solutions? **Yes**

Control Tollgate

Project Name:	Streamline Work Paper Development	
Review the items below. Comment on any questions that you answer no below.		
<p>REQUIRED: Has the team prepared all the essential documentation of the improved process, including key procedures and process maps? Yes – we have revised our policies, procedures, templates, indexes and audit programs according to the new process.</p>	<p>REQUIRED: Has the process owner been ‘commissioned’ and agrees to take over responsibility for managing continuing operations? Yes</p>	
<p>REQUIRED: Has the team developed a control plan that defines activities if performance slips? No – see Comments below</p>	<p>REQUIRED: Have “lessons learned” been captured and shared? Yes</p>	
<p>Has the team compiled results or data confirming that the solution has achieved the goals defined in the Project Charter? Yes – see results data on Exhibit 5.</p>	<p>Have opportunities been identified and shared where this project could also improve other processes? Yes – we can use similar processes to streamline our work paper development procedures for Consultations and Investigations.</p>	

Comments:

A control plan is not applicable regarding the improved process of streamlining work paper development. If performance were to slip (an Auditor prints a work paper and submits to the Reviewer), the Reviewer should question why the work paper was printed. Conversely, if a Reviewer were to print out a work paper with handwritten review notes, the Auditor should question the hard-copy feedback. For this process, it will be fairly simple to get back on track, due to the detailed procedures we have documented, the designed templates, and the electronic indexes and audit programs.

Exhibit 1 - Value Stream Map [W/P Development]

Note: The workpaper development process begins after the completion of the audit work. This process is for one (1) workpaper.

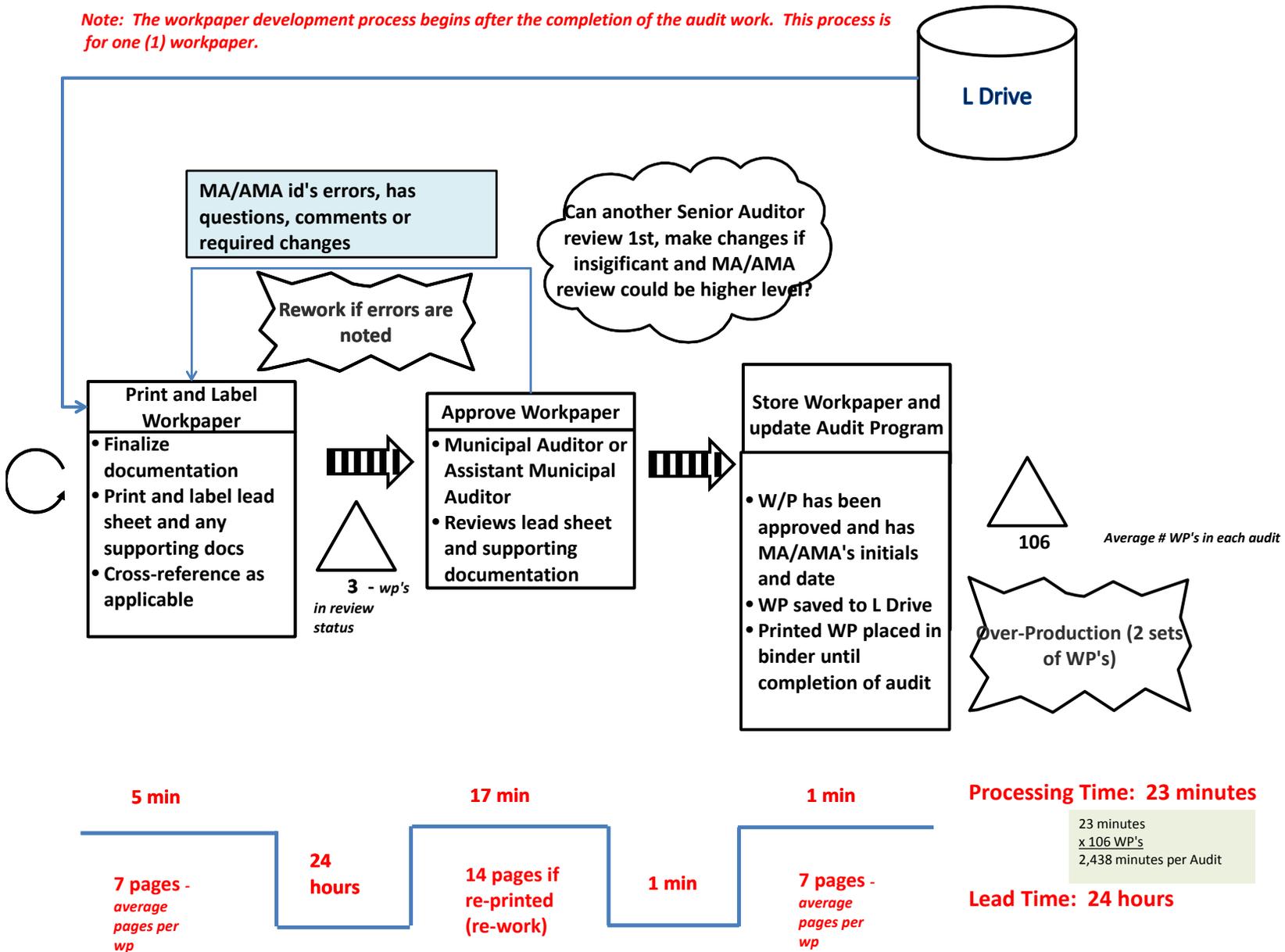
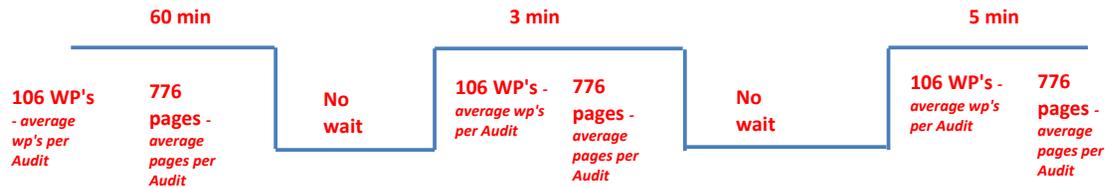
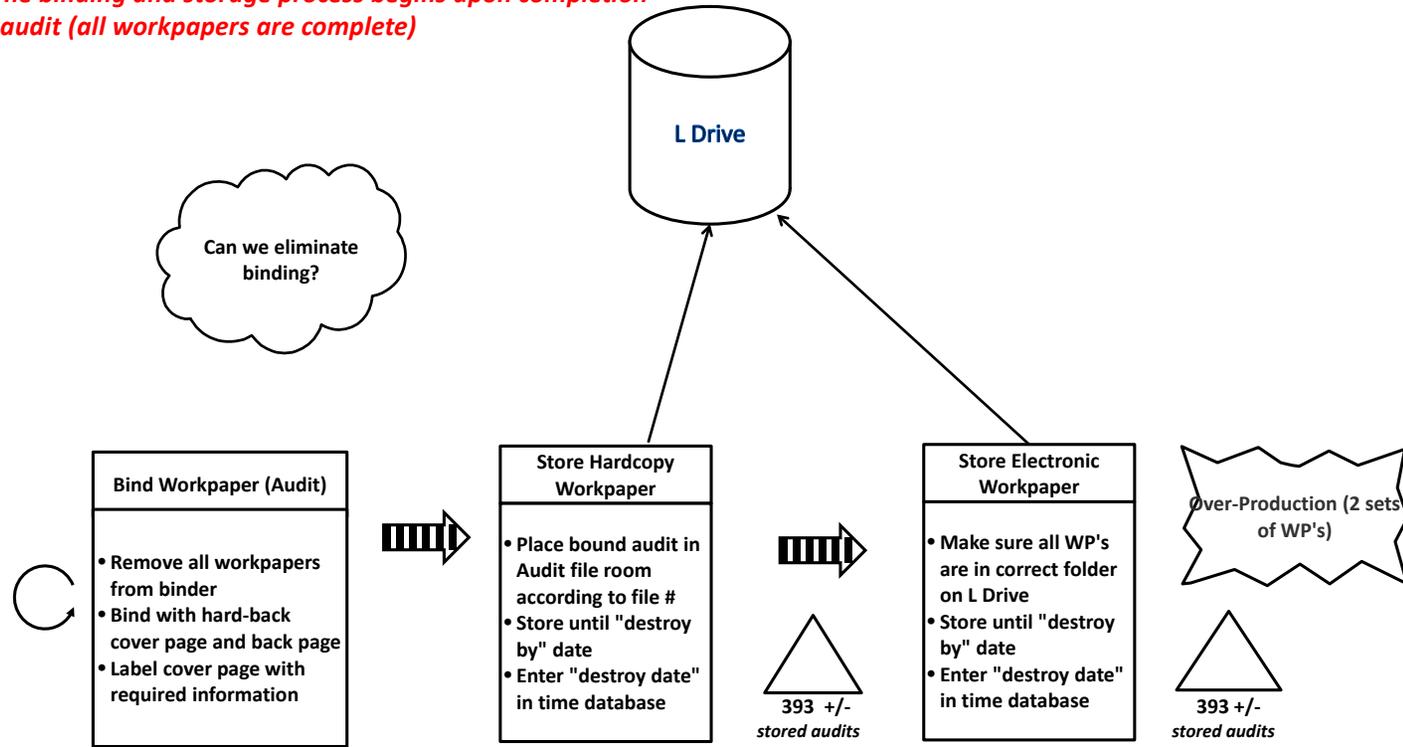


Exhibit 2 - Value Stream Map [W/P Binding and Storage]

Note: The binding and storage process begins upon completion of the audit (all workpapers are complete)



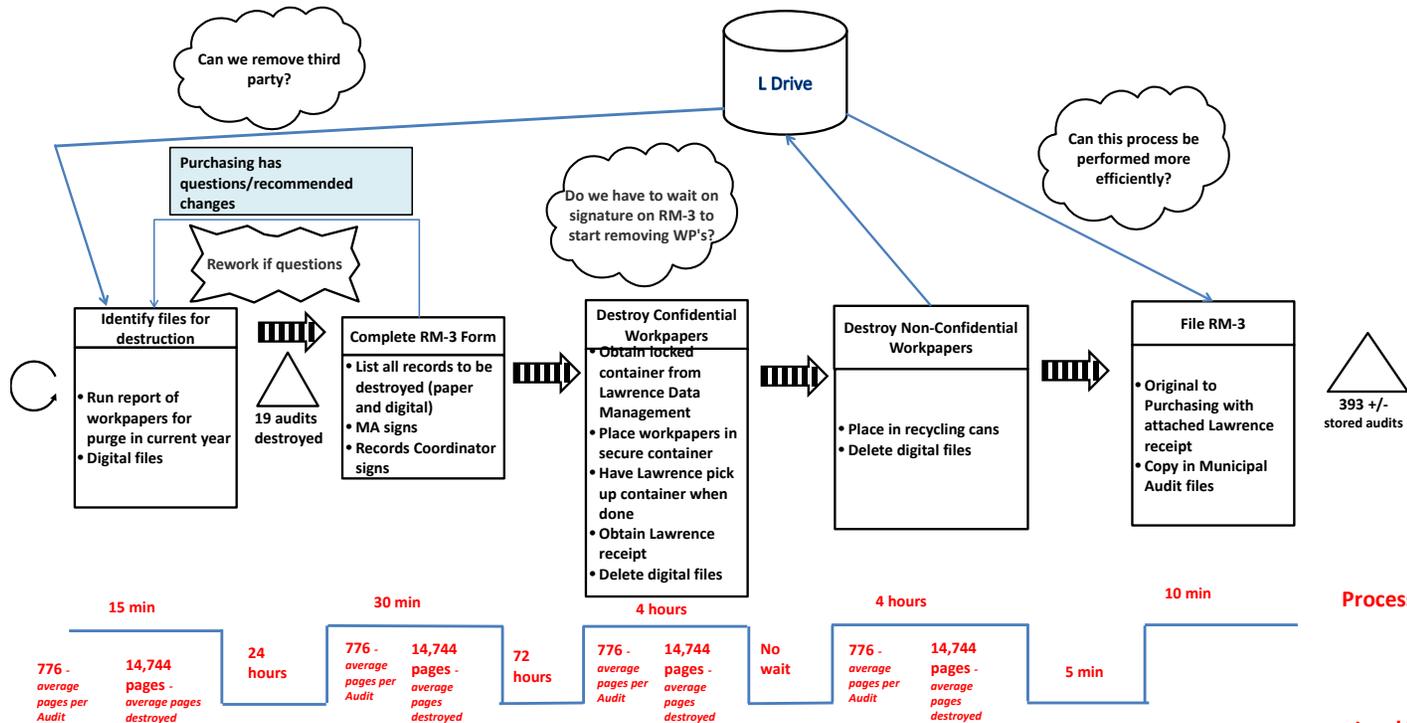
Processing Time: 68 minutes (1 hour and 8 minutes)

Per Audit

Lead Time: NA

Exhibit 3 - Value Stream Map [W/P Destruction]

Note: The destruction process begins upon receipt of the "Annual Records Compliance Memo" from Purchasing



Processing Time: 535 minutes (8 hours and 55 minutes)

535 minutes / 19 Audits

= 28 minutes per Audit

Lead Time: 5,765 minutes (96 hours and 5 minutes)

Exhibit 4 - Summarized Data

Calculation of Pages	
Average Pages per Workpaper	7
Average Workpapers per Audit	106
Total Average Pages per Audit	<u>742</u>
Average Dividers per Audit	34
Total Average pages per Audit	<u>776</u>

Calculation of Labor Hours	
Average # WP's per Audit	106
x Minutes for WP Development	23 (From VSM)
Total Average Minutes for 1 Audit (WP Development)	<u>2,438</u>
Average # Minutes to Bind and Store 1 Audit	68 (From VSM)
Average # Minutes to Destroy 1 Audit	28 (From VSM) --> 535 minutes / 19 Audits destroyed in 2015
Total # Minutes to Develop, Store, and Destroy 1 Audit	<u>2,534</u>
Converted to Hours	42.23 Hours

Anticipated Application of Paper and Labor Hours per year	
Municipal Audit's Goal is 8 audits per Senior Auditor	
There are four (4) Senior Auditors	
	32 Audits per year
Average # pages per audit	776 Printed pages per audit
	<u>24,832</u> Printed pages per year
Average # Labor	42.23 Hours per audit
x 32 audits per year	<u>1,351.36</u> Hours per year

Exhibit 5 - Results Data

	Existing Process	Revised Process	2024 and Beyond	Current Reduction		2024 and Beyond Reduction	
Average # WP's per Audit	106	106	106	NA			
x Minutes for WP Development	23	20	20	(3.00)	Minutes per WP	(20.00)	Minutes per WP
Total Average Minutes to Develop 1 Audit	2,438	2,120	2,120	(318.00)	Minutes per audit	(2,120.00)	Minutes per audit
Average # Minutes to Finalize and Store 1 Audit	68	35	35	(33.00)	Minutes per audit		
Average # Minutes to Destroy 1 Audit	28	28	3.68	0.00	Minutes per audit	(24.32)	Minutes per audit
Total # Minutes to Develop, Store, and Destroy 1 Audit	2,534	2,183	2,159	(351)	Minutes per audit	(375.32)	Minutes per audit
Converted to Hours	42.23	36.38	35.98	(5.85)	Hours per audit	(6.26)	Hours per audit
Anticipated Reduction of Paper and Labor Hours per year							
Municipal Audit's Goal is 8 audits per Senior Auditor	8	8	8	NA		NA	
There are four (4) Senior Auditors	4	4	4	NA		NA	
Audits per year	32	32	32	NA		NA	
Average # printed pages per audit	776	0	0	(776)	Printed pages per audit	(776)	Printed pages per audit
x 32 audits per year	32	32	32	NA		NA	
	24,832	-	-	(24,832)	Printed pages per year	(24,832)	Printed pages per year
Average # Labor Hours per audit for WP Development, Storage and Destruction	42.23	36.38	35.98	(5.85)	Hours per audit	(6.26)	Hours per audit
x 32 audits per year	32	32	32	NA		NA	
	1,351.47	1,164.27	1,151.30	(187.20)	Hours per year	(200.17)	Hours per year

Hotline Update

1

**CITY OF ROANOKE
AUDIT COMMITTEE
DECEMBER 14, 2016**

Purpose of Hotline

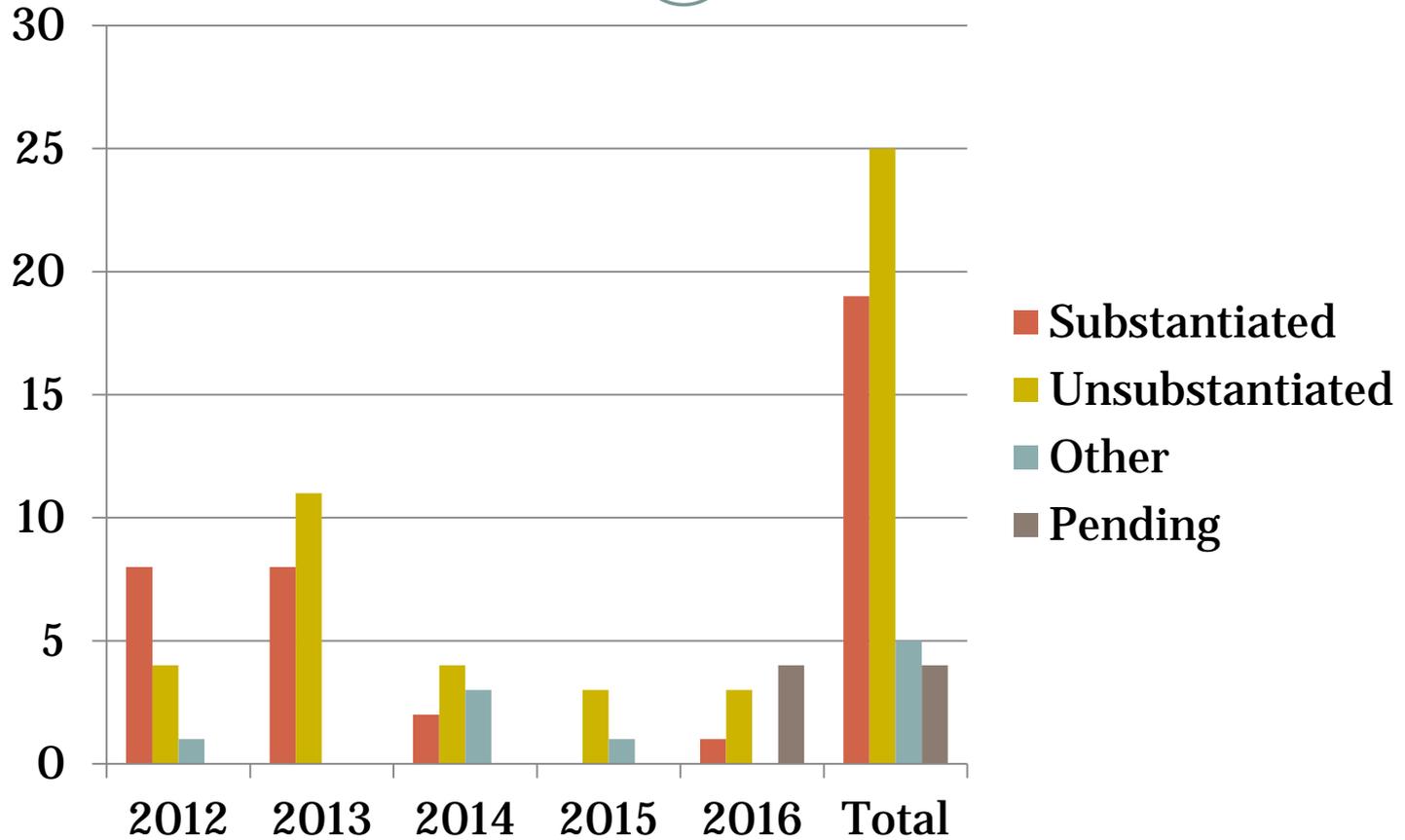
2

- **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

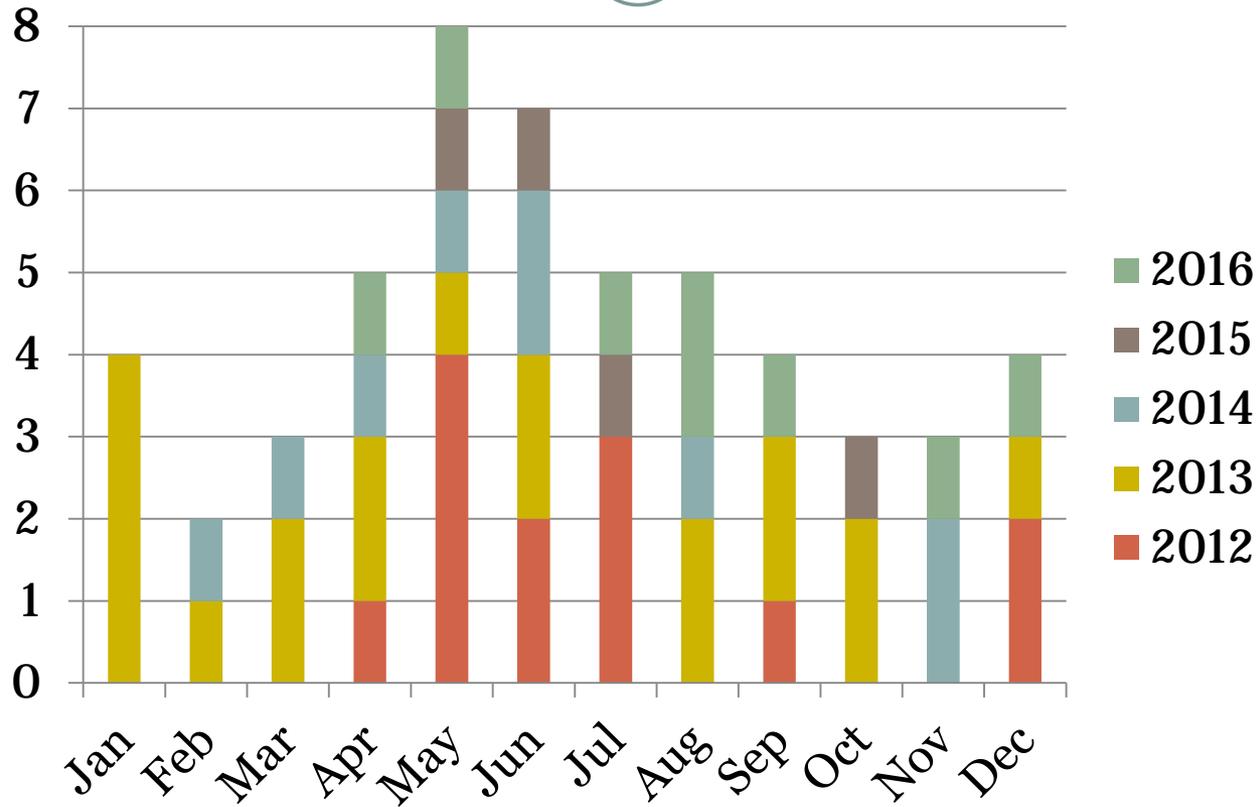
[Calendar Year Basis]

3



Reports Received by Month

4



Investigations Pending

5

TYPE	ALLEGATION(S)	RESULT
Procurement #16-303 & 17-304	Vendors' concerns that purchasing specifications were limiting competition without adequate justification. (2 reports)	Pending
Workplace Issues #17-305	Employee concerns about the unusual and erratic behavior of a coworker not being effectively addressed by management and risking the safety of other employees. (1 report)	Pending
Small Purchases #17-306	Concern that materials for a project are being bought piecemeal in order to avoid competitive bidding. (1 report)	Pending

End of Update



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

September 6, 2016

Sherman P. Lea, Sr.
Mayor
215 Church Avenue, SW, Room 452
Roanoke, VA 24011-1594

City of Roanoke

Dear Mr. Lea:

We have reviewed the Commonwealth collections and remittances of the Treasurer, Commissioner of the Revenue, Sheriff, and Commonwealth's Attorney of the locality indicated for the year ended June 30, 2016. Our primary objectives were to determine that the officials have maintained accountability over Commonwealth collections, established internal controls, and complied with state laws and regulations.

The results of our tests found the Treasurer, Commissioner of the Revenue, Sheriff, and Commonwealth's Attorney complied, in all material respects, with state laws, regulations and other procedures relating to the receipt, disbursement, and custody of state funds, except as follows.

The Treasurer did not comply with state laws and regulations as described below.

Promptly Remit Sheriff's Fees

The Treasurer did not remit sheriff's fees totaling \$141,194 to the Commonwealth. Section 2.2-806(B) of the Code of Virginia requires fees to be remitted weekly or twice each week when collections exceed \$5,000. The Treasurer should immediately remit the Sheriff's fees she is currently holding and, thereafter, remit fees as required by the Code of Virginia.

Sherman P. Lea, Sr.
Mayor
September 6, 2016
Page Two

We discussed this comment with the Treasurer on September 12, 2016 and we acknowledge the cooperation extended to us during this review.

Sincerely,

Auditor of Public Accounts

MSM:alh

cc: Christopher P. Morrill, City Manager
Evelyn W. Powers, Treasurer
Sherman A. Holland, Commissioner of the Revenue
Timothy A. Allen, Sheriff
Donald S. Caldwell, Commonwealth's Attorney



Municipal Auditing
215 Church Ave SW, Room 502 N
Roanoke, VA 24011-1517
(540) 853-2644
E-mail: auditor@roanokeva.gov

August 31, 2016

Randall Johnson, CFE
Audit Team Leader
Auditor of Public Accounts
P. O. Box 1295
Richmond, VA 23218

Dear Mr. Johnson:

Effective July 1, 2015, all local costs collections were required to be deposited with the local Treasurer at month end. While staff met to discuss new procedures, a formal process was neither documented nor reviewed by all necessary parties. The City Treasurer was not included in these discussions. Additionally, in August 2015, the City implemented a new accounts receivable (A/R) system creating further confusion regarding the new process. Changes related to the new A/R system included the need for DC-14 forms to be forwarded to the City's Department of Finance, which inadvertently eliminated them from also being sent to the Treasurer's office. Since all funds were being posted to City accounts and the Treasurer had no notification of the amount received by the district courts related to Sheriff's fees, these fees were not remitted timely.

The City and district courts staff met on August 31, 2016 to begin establishing a formal process.

Very truly yours,

Tasha Burkett
Information Systems Auditor

c: Evelyn W. Powers, City Treasurer
Drew Harmon, Municipal Auditor

I concur with the above response.

Evelyn W. Powers, City Treasurer

8-31-16
Date