



## **AUDIT SERVICES DEPARTMENT**

# **ANNUAL STATUS REPORT**

**JULY 1, 2016 THROUGH JUNE 30, 2017**

**DATE OF PREPARATION: SEPTEMBER 29, 2017**

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**Audit Services Department  
306 Cedar Road  
Post Office Box 15225  
Chesapeake, Virginia 23328-5225  
(757) 382-8511  
Fax. (757) 382-8860**

September 29, 2017

The Honorable Alan P. Krasnoff and  
Members of the City Council  
City of Chesapeake City  
Hall-6<sup>th</sup> Floor Chesapeake,  
Virginia 23328

Dear Mayor Krasnoff and Members of the City Council:

Enclosed is the Audit Services Department's Annual Status Report for the period July 1, 2016 to June 30, 2017. The following is a summary of some of the report's highlights.

A. Completed Projects

1. Audits and Analytical Reviews

We completed performance audits of the Library, and Development and Permits Departments, and special citywide audits of City Clerk's Office, Purchasing (Transition), and Public Utilities (Pro Rata). These audits were conducted for the purpose of determining whether services were provided in an economical, efficient, and effective manner, whether the goals and objectives were being achieved, and compliance with applicable City and Departmental procedures. We also completed a follow up review on audit reports issued in FY 2016. The actual managerial summaries including specific findings, recommendations, and responses, are detailed within this report.

2. Technical Assistance

We provided technical assistance to the City and its affiliated organization on five projects. Of these, the most significant was related to the City IT modernization, Accela costs, PeopleSoft 9.2, and Payroll Changes. We also completed four fraud hotline investigations.

### 3. Projects in Progress

Currently, we continue to provide ongoing technical assistance on projects related to the Employee Pay Cycles, City's Human Resources Information System and Public Utilities Billing System implementations.

Sincerely,

A handwritten signature in black ink that reads "Jay Poole". The signature is written in a cursive style with a large, stylized "J" and "P".

Jay Poole  
City Auditor

City of Chesapeake, Virginia

c: James E. Baker, City Manager

**CITY OF CHESAPEAKE, VIRGINIA**

**AUDIT SERVICES DEPARTMENT  
ANNUAL STATUS REPORT  
JULY 1, 2016 TO June 30, 2017**

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**A. SUMMARY**

**AUDITS & ANALYTICAL REVIEWS**

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September 29, 2017

The Honorable Alan P. Krasnoff, and  
Members of the City Council  
City of Chesapeake  
City Hall--6th Floor  
Chesapeake, Virginia 23328

Dear Mayor Krasnoff and Members of the City Council:

We have completed our follow-up of the Public Works, Citywide Capital projects, Chesapeake Integrated Behavioral Health (CIBH), and Chesapeake Fire Department. These prior year audits were selected to evaluate the status of recommendations that had not been fully implemented. The reviews were conducted in November 2016. The status of 22 open recommendations from these reports was as follows:

21 had been implemented  
1 were in the process of being implemented  
     were planned but not yet implemented  
     were partially implemented  
     had not been implemented  
     will not be implemented  
     is no longer applicable

A copy of each review is included in this report. Please contact us if you have any questions.

Sincerely,

Jay Poole  
City Auditor  
City of Chesapeake, Virginia

C: James E. Baker, City Manager

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# **FOLLOW-UP REVIEW**

## **PUBLIC WORKS**

**REPORT ISSUE DATE: JULY 2015**

**FOLLOW-UP REVIEW DATE: SEPTEMBER 2016**

**CITY OF CHESAPEAKE, VIRGINIA  
AUDIT SERVICES DEPARTMENT**

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**Audit Services Department  
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September 29, 2017

The Honorable Alan P. Krasnoff and  
Members of the City Council  
City of Chesapeake  
City Hall--6th Floor  
Chesapeake, Virginia 23328

Dear Mayor Krasnoff, and Members of the City Council,

We have completed our follow-up review of the Public Works Department. The review was conducted in September 2016. As of that date, the status of the report's two open recommendations was as follows:

- 2 had been implemented
- was in the process of being implemented
- was planned but not yet implemented
- was partially implemented
- will not be implemented
- is no longer applicable

A copy of each review is included in this report. Please contact us if you have any questions.

Sincerely,

Jay Poole  
City Auditor  
City of Chesapeake, Virginia

C: James E. Baker, City Manager

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**FOLLOW-UP REPORT**  
**PUBLIC WORKS DEPARTMENT**  
**PERFORMANCE AUDIT**

**September 2016**

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## **D. Technology Issues**

Public Works utilized several different software packages to help it accomplish its assigned tasks. We identified a number of issues with the utilization (or lack thereof) of several software packages including the Maximo Asset Management System, SharePoint software and RouteSmart software within the Department as a whole, as well as lack of utilization of Global Positioning Software (GPS) within the Waste Management Division.

### **3. RouteSmart Software**

**Finding** – The Department was not utilizing its RouteSmart routing system software to its fullest potential.

**Recommendation** – The Department should locate the RouteSmart software, properly complete the implementation, and train the staff on its use.

**Response** – **The RouteSmart program was originally installed on a Public Works Operations computer. It has since been transferred to another user who is GIS trained and will be the point of contact for RouteSmart updating and the technical aspects of the program. Training is projected to begin in September.**

**2014 Status** – This recommendation is in the process of being implemented. Currently the system is being used on all trucks to provide real-time tracking of vehicles on their assigned routes. The Waste Management Administrator submitted a request for a consultant to utilize the software to optimize the existing routes with the goal of maximizing individual route efficiency and truck capacity.

**2015 Status** – This recommendation is in the process of being implemented. Public Works is working closely with Purchasing to secure a contract for a consultant to assist with the re-balancing of the routes. They have worked with neighboring municipalities who have recently optimized routes using similar software to ascertain best business practices and discovered that the detailed turn by turns routing element is not worth pursuing.

**2016 Status** – This recommendation has been implemented. Training took place in October of 2015. Public Works have contracted with RouteSmart for technical assistance in optimizing the routes of our automated waste collection vehicles. RouteSmart has presented us with a preliminary solution of optimized routes. Waste Management has begun actively testing the routes during actual collection activities to provide real-world feedback. Some of these routes have already been adopted as part of the regular collection schedule. Others are still in the testing phase and are being adjusted as necessary. Public Works is working closely with the consultant to finalize the remaining collection routes.

## G. Other Items

We made observations in several other areas that we believe will assist the department in enhancing its operations and practices. These items included safety monitoring, pothole repair guidelines, ID/IQ contract access, and Monthly Progress Report reconciliations.

### 5. Monthly Progress Reports - Division of Construction Services (DCS)

**Finding** – DCS and Public Works Accounting did not reconcile Monthly Progress Reports against the City’s PeopleSoft expenditure reports.

**Recommendation** – A periodic reconciliation should be performed between the DCS’s design/construction Monthly Progress reports and the PeopleSoft Expenditure Reports.

**Response** – **Project managers receive detailed expenditure reports (ME Reports) twice a week on their projects. They will periodically review and communicate to PW Accounting any discrepancies. Currently ME reports have a limited number of staff that receive the reports. If they could be placed on share point other non-PeopleSoft users would have access (Eng. Techs etc.)**

**2014 Status** – This recommendation has not yet been implemented. Public Works is looking to utilize the PeopleSoft program upgrades planned for 2015. They are currently using the Contracts Module in Maximo, however, it only works for those who have Maximo licenses. Public Works will work with the Finance Department to ensure that any necessary reconciliations are completed in a timely fashion.

**2015 Status** – This recommendation has not yet been implemented. Some aspects of the PeopleSoft upgrade that was planned for 2015 did not occur. The department continues to utilize Maximo modules where accepted.

**2016 Status** – This recommendation has been implemented. PeopleSoft still requires needed upgrades to accommodate more frequent ME reports. Project Managers still have the ability to view ME reports twice a week, and division heads have access to operating ME reports daily. Power-point presented to key project managers on how to navigate alternatively in PeopleSoft to view budgets. DCM (Design –Construction Management Section ) routes all financial transactions and expenditures through PW accounting for approval ( starting with the time we advertise for projects , contract approvals , issuing purchase orders , payments of invoices , approvals of change orders, issuing task orders/ work orders for project associated activities(utility, ROW, environmental,,etc). The main issue with monthly projects reporting is that the data presented for project expenditures are good for the day when it’s reported and due to on-going construction activities that maybe different a week later ,but PW accounting is involved in all financial transactions on our projects (including the conciliation required with people soft ).

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September 29, 2017

The Honorable Alan P. Krasnoff and  
Members of the City Council  
City of Chesapeake  
City Hall--6th Floor  
Chesapeake, Virginia 23328

Dear Mayor Krasnoff, and Members of the City Council,

We have completed our follow-up review of the Citywide Capital Projects Department. The review was conducted in September 2016. As of that date, the status of the report's one open recommendation was as follows:

- 1 had been implemented
- was in the process of being implemented
- was planned but not yet implemented
- was partially implemented
- will not be implemented
- is no longer applicable

A copy of each review is included in this report. Please contact us if you have any questions.

Sincerely,

Jay Poole  
City Auditor  
City of Chesapeake, Virginia

C: James E. Baker, City Manager

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# **FOLLOW-UP REVIEW**

## **CITYWIDE CAPITAL PROJECTS**

**REPORT ISSUE DATE: JULY 2015**

**FOLLOW-UP REVIEW DATE: SEPTEMBER 2016**

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**FOLLOW-UP REPORT**  
**CITYWIDE CAPITAL PROJECTS**  
**PERFORMANCE AUDIT**

**September 2016**

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## **C: Project Estimating**

Our review of the City's capital project management practices identified a number of issues and control deficiencies that had not been addressed as well as practices that could be enhanced. These issues included areas of cost estimation review and planning prior to approval and of inclusion of common and recurring obstacles in cost estimations.

### **1. Independent Review of Project Scope Cost Estimates**

**Finding** – There was no consistent independent review of initial project scope cost estimates and no consistent process for managing projects against original cost estimates.

**Recommendation** – All capital projects should have a comprehensive review of the scope of work by all affected City departments at least during the feasibility phase.

**Response:**

**We agree that comprehensive reviews of the scope of work should be completed before or during the feasibility phase of projects and will install procedures to ensure it occurs. Having said that, we also expect that estimated costs will change even after feasibility studies are conducted. There are many reasons that costs estimates are not static once projects are identified in the capital improvement program. Typically, projects are programmed before design occurs. Until designs are completed, project costs are very difficult to predict. Even after a design is completed, actual project costs are dependent on market conditions and commodity prices at the time of bid. Market conditions at the bid point are often very different from architect and engineering estimates during the design phase. After bid and during construction it is not uncommon to discover design errors/omissions, differing site conditions, and user requested changes. Design errors are usually rectified at no cost by the architect / design engineer and user requested changes are now reviewed, justified and approved by the user department head.**

**With respect to findings and recommendations of the 2012 review of the Animal Services facility, Public Works implemented several procedures including:**

- **Formal prequalification required for large complex projects**
- **Constructability reviews to identify omissions for large complex projects**
- **Change orders require authorization beyond the project manager**

**2016 Status** – This recommendation had been implemented. Every new capital project starts with a scoping meeting with the project team (including project stakeholders as appropriate ) to discuss project limits , scope , resources , schedule, budget and risks (and other items appropriate for the specific project) . The project scope then is summarized in a project scoping report for review and approval by the entire project team (project engineer, project manager, City surveyor /Traffic Engineer, Assistant City engineer, and the City Engineer). Also, during the project design phase, we have several project milestones at

which project plans are reviewed by the entire team and other PW divisions and City departments .See attached plan routing document (roles and responsibilities assigned to other PW divisions and departments in the review process).

# **FOLLOW-UP REVIEW**

## **CHESAPEAKE INTEGRATED BEHAVIORIAL HEALTH (CIBH)**

**REPORT ISSUE DATE: JULY 2015**

**FOLLOW-UP REVIEW DATE: NOVEMBER 2016**

**CITY OF CHESAPEAKE, VIRGINIA  
AUDIT SERVICES DEPARTMENT**

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September 29, 2017

The Honorable Alan P. Krasnoff and  
Members of the City Council  
City of Chesapeake  
City Hall--6th Floor  
Chesapeake, Virginia 23328

Dear Mayor Krasnoff and Members of the City Council:

We have completed our follow-up review of the Chesapeake Integrated Behavioral Health Department. The review was conducted in November 2016. As of that date, the status of the report's eleven open recommendation was as follows:

- 11 had been implemented
- were in the process of being implemented
- was planned but not yet implemented
- was partially implemented
- will not be implemented
- is no longer applicable

A copy of each review is included in this report. Please contact us if you have any questions.

Sincerely,

Jay Poole  
City Auditor  
City of Chesapeake, Virginia

C: James E. Baker, City Manager

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**FOLLOW-UP REPORT**  
**CHESAPEAKE INTEGRATED BEHAVIORAL HEALTH**  
**(CIBH)**  
**PERFORMANCE AUDIT**  
**November 2016**

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## 1. Cash Handling, Petty Cash and Settlement Processes

**Finding** – CIBH’s procedures for cash handling, petty cash (p/c) and settlement processes did not sufficiently address cash handling, petty cash, settlement, internal controls, and the safeguards over assets. In addition, there was minimal oversight and monitoring of the front office and petty cash operations.

**Recommendation** - CIBH should develop and document cash handling, cash settlement process, and petty cash (p/c) policies and procedures so that cash is adequately safeguarded. In addition, CIBH should develop an ongoing oversight and monitoring process to ensure adherence to cash handling and cash control procedures, and individuals responsible for p/c operations should provide oversight and monitoring over the p/c operations to ensure that documented procedures were being followed.

**Response** – CIBH has complied with all recommendations by improving the City’s cash collection and petty cash procedures to include cash settlement reconciliation signed by supervisors and the use of new petty cash receipts. Random unannounced cash collection audits and semi-annual petty cash audits will be conducted bi-monthly by Fiscal staff to monitor ongoing compliance with the revised procedures. Physical security of petty cash funds has been improved through use of locked cash drawers and a two-part combination for the front office safe. Two inactive/low activity petty cash funds have been dissolved. (Note – the full text of the CIBH response is included in the body of the audit report.)

**2016 Status** – This recommendation has been implemented. All petty cash funds are counted and audited at least monthly by program supervisors. Fiscal staff audit the support provided for all petty cash funds at the time of each replenishment or on a monthly basis whichever is more frequent. Frequent special unannounced audits are conducted by Fiscal staff as well. Petty Cash custodians are required to follow all petty cash procedures. Improper use of the new petty cash vouchers are identified real time and reported to supervisors with corrective action plans requested.

## 2. Medicaid and Accounts Receivable

**Finding** – CIBH had an accounts receivable balance in excess of \$2,816,364, of which almost \$635,000 could be considered uncollectable. There was also an additional \$1.0 million in receivables from other sources, of which almost \$400,000 was over six months old and could be considered uncollectible.

**Recommendation** – CIBH should ensure that all necessary billing requirements for new services are understood and readily executable so that they can be fully implemented in sufficient time to avoid writing offs.

**Response** – CIBH received reimbursements of \$2,051,327 in June 2015 related to the ICF and has resolved all known issues related to billing the ICF and fully expects to collect all revenue with the exception of the foreseen pre-certification costs already allowed for. The pre-certification receivables have been written off.

The ICF has new management and is fully engaged in following the Medicaid procedure manual and ICF protocols that could prevent timely billing for services. The reimbursement unit has also hired a part-time temporary position to aide in recovering any aged receivables, and intends to monitor the workload of the current staff during the fully staffed period to ensure adequate staffing needs. (Note – the full text of the CIBH response is included in the body of the audit report.)

**2016 Status** – This recommendation has been implemented. All cost settlements have been filed and additional reimbursement received. Monthly billing is occurring consistently. Accounts receivable related to the ICF is equal to approximately one month’s billing.

### **3. Segregation of Duties – Front Desk Staff**

**Finding** – The CIBH front desk staff responsibilities for data entry and reconciliation were not sufficiently segregated. In addition, reconciliations against the City’s financial system were not being completed in a timely fashion.

**Recommendation** – CIBH should take steps to improve segregation of duties for its reimbursement staff, and should also ensure that reconciliations against City financial records are completed in a timely manner.

**Response** – The PeopleSoft general ledger entry, Credible Client AR entry, and handling of cash deposits into the Treasurer’s system are conducted by three separate individuals in all cases. Sufficient segregation of duties does exist. Staffing shortages that delayed the reconciliation of AR deposits between the Treasurer’s system and the subsidiary ledger in Credible have been resolved, and these reconciliations have returned to a monthly frequency. The overall reconciliation of AR between the general ledger and subsidiary ledger has always and continues to be conducted monthly.

**2016 Status** – This recommendation has been implemented. The recommended full segregation of the Front Desk, Fiscal, Reimbursement, and Treasurer’s roles as required by the auditors remain in place. Revenue and Payment reconciliations between the Credible, PeopleSoft, and Treasurer’s system have been completed and approved by the Fiscal Administrator by the required end of the following month 100% of the time since the audit. Full reconciliations are shared with City Finance on a monthly basis.

### **4. Banking Procedures for CIBH-affiliated nonprofits**

**Finding** - Bank procedures for Elizabeth River Properties of Chesapeake and CSB of Chesapeake, Inc. lacked adequate segregation of duties. Also, account balances exceeded the FDIC insurance limit.

**Recommendation** – CIBH should address the banking procedure control issues associated with its affiliated corporations

**Response** - Elizabeth River Properties of Chesapeake, Inc. has a seven member board of Directors and is supported by two CIBH staff members (an Executive Director and a Housing Administrator) in addition to two contract positions (a bookkeeper and a property manager). The contract bookkeeper was vacated in October of 2014 and refilled in May of 2015. During the interim the ERPC Executive Director performed the duties of the bookkeeper. As a compensating control during this time period the Treasurer was asked to review the bank reconciliations. Now that the bookkeeper position has been refilled the practice will return to the bookkeeper performing the reconciliation and review of the bank reconciliations by the Executive Director. The bookkeeper does not have any banking authority. (Note – the full text of the CIBH response is included in the body of the audit report.)

**2016 Status** – This recommendation has been implemented. The contract bookkeeper position continues to be in place. Currently two ERPC board members are listed on the accounts along with the Executive Director (the Housing Administrator is also listed on the property management account). Funds have been reallocated and a new banking relationship was formed to assist in keeping within FDIC limits.

## **5. Client Personal Fund Accounts**

**Finding** - Policies and procedures for CIBH's personal resident accounts had not been updated and did not sufficiently address client check cashing processes, account cash limits, and client and guardian monthly statements.

**Recommendation** – Procedures for the handling of residents personal fund accounts should be updated.

**Response** - Consolidated monthly statements from the UP Center and Highlands Place will be mailed to each Authorized Representative assigned for each resident on a Monthly basis.

The following revised Resident Check Cashing Procedures have been implemented. The Account Technician will contact the Representative Payee to request resident's funds only when needed. Resident's personal funds account held at Highlands Place should always be \$80 or under. Upon receipt of the resident's check the check stub will be date stamped with the date of receipt and placed into safe. Staff will be notified via email that the resident has a check that needs to be cashed as soon as possible. The Account Technician is responsible for assuring that the resident's checks are cashed within 2 weeks of date of receipt of checks. Once the check has been cashed the check stub will then be date stamped with "Date cashed" and the deposit of the funds will be documented in the "resident's fund" excel spread sheet and a receipt will be filled out documenting the deposit of funds along with the completion of section III of the "Resident Funds Expenditure Request/Deposit Form.

**2016 Status** - This recommendation has been implemented. CIBH Staff are now able to see individual fund balances held by the rep payee. The Office Specialist II (formerly the Account Technician III), or designee, goes with the resident to cash spending account and/or earnings checks. The money reconciliation sheets has been updated to better detail all money transactions.

## **D. Operations**

Our review of several CIBH operational areas noted three areas where procedures could be enhanced. CIBH security of controlled substances and compliance with DEA regulations required prompt attention. Med Room Sample Drug controls and CIBH access card controls could be enhanced. Finally, CIBH should work with Human Resources to revise Administrative Regulation 2.44, so that more of its clinical staff was subject to testing, and review its conflict of interest practices.

### **1. Controlled Substances – PACT**

**Finding** - The CIBH received, stored and delivered Schedule II and Schedule IV controlled substances (CS) for their clients; however, the CIBH was designated as an Alternate Delivery Site and was only licensed to receive, store and deliver Schedule VI medications. In addition, there was minimal management oversight and monitoring over PACT operations.

**Recommendation** – The CIBH should immediately discontinue receiving, storing, and delivering any Schedule II to Schedule V controlled substances. Additionally, management should take an active role in the ongoing oversight and monitoring of PACT operations.

**Response** - Schedule II through Schedule V controlled substances are no longer accepted into any CIBH facility. Pharmacies delivering medication, PACT staff and individuals bringing their medication into the building have been notified CIBH will not accept storage of Schedule II to Schedule V controlled substances on the premises. PACT supervisory/managerial staff monthly scan the medication delivery packing slips to assure no Schedule II to Schedule V medication has been delivered. Policies and procedures have been put into place to prevent the delivery and storage of Schedule II through Schedule V controlled substances. All PACT staff have been educated regarding these policies and procedures and have documented acknowledgment of receipt of such policies and procedures. Medication deliveries are reviewed to ensure that no Schedule II through Schedule V controlled substances are accepted into the building. The Medication Log is reviewed to ensure no Schedule II through Schedule V controlled substances are in the PACT medication room. (Note – the full text of the CIBH response is included in the body of the audit report.)

**2016 Status** – This recommendation has been implemented. CIBH now has an in-house pharmacy (Westwood Pharmacy) which opened on March 16, 2016. Westwood Pharmacy handles a vast majority of medication for individuals who

receive PACT services. Westwood Pharmacy packages all medication in sealed weekly pill packs. No pill packs include Schedule II through Schedule V medications. CIBH staff no longer handle Schedule II through V drugs.

## **2. Pharmacy Control Procedures – PACT**

**Finding** - The Program of Assertive Community Treatment (PACT) Division was not in compliance with Virginia Board of Pharmacy regulations as they related to delivery of dispensed prescriptions. PACT's policies and procedures did not sufficiently address the receipt, accountability, control, and safeguarding of drugs; employees were not properly trained on the handling and receipt of drugs; and incident reports were not always completed as required when incidents occurred.

**Recommendation** - The CIBH should comply with the Virginia Board of Pharmacy's regulation as it relates to the delivery of dispensed prescriptions. PACT procedures should be updated to address the receipt, accountability, control, and safeguarding of drugs and ensure that employees are properly trained. Additionally, incident reports should be properly completed and forwarded to the Quality Assurance division within 24 hours as required by policy.

**Response** - Policies and procedures have been put in place with regard to medication deliveries and medication brought into the facility by individuals receiving PACT services to ensure these medications are recorded in the medication inventory, and put into the correct medication storage bags. With respect to medication deliveries that come to the facility via mail, the packing orders are checked and confirmation of the receipt is faxed back to the vendor. (Note – the full text of the CIBH response is included in the body of the audit report.)

**2016 Status** - This recommendation has been implemented. Our current revised process is in compliance with the Board of Pharmacy's regulations. All staff have medication administration training and have received additional training as of the time of this report. Incident reports are being properly completed and submitted in a timely manner.

## **3. Psychiatric Med Room – Controls**

**Finding** - Psychiatric (Psych) med room clients did not always sign for their drugs when they were dispensed. The inventory controls for drug samples held in the Psych med room needed to be redesigned. Further, inventory audits of sample drugs were not performed on a periodic basis.

**Recommendation** – CIBH should ensure that all drugs are signed for by clients when dispensed. Also, inventory control practices and form should be redesigned, and surprise Inventory audits should be performed on sample drugs at least quarterly.

**Response** - The Virginia Board of Pharmacy regulation:VAC18110-20-275, covering the delivery and dispensing of prescriptions to clients does not pertain to

sample medications. The Virginia Board of Pharmacy does not regulate sample medications.

The original audit for client signature upon receipt of medications was not completed with a nurse present. The audit presented to me was a review of 209 charts with 184 missing signatures. Upon my review of the same 209 charts there were only 50 missing signatures. A total of 77% of the charts did contain signatures. The discrepancy occurred because the Credible system only allowed the signatures to come up that were in a designated signature box on the med pick up service. (Note – the full text of the CIBH response is included in the body of the audit report.)

**2016 Status** – This recommendation has been implemented. On March 16, 2016 the Westwood Pharmacy opened a full service pharmacy in CIBH. On March 18, 2016 all sample medications were transferred from the CIBH Psychiatric Services Medication Room to Westwood Behavioral Healthcare Pharmacy Chesapeake. A reconciliation of all samples was completed through an audit of the sign in/out sheets for each medication. Medications were turned over by T. Johnson RN and accepted by Joel Glitierrez-Pharmacist and Luci Alfonso Cphd.

All subsidized medications are ordered through Westwood and delivered to the clients by Westwood staff eliminating a large number of medications maintained in the CIBH medication room and greatly reducing the number of medications being signed out by Psychiatric Services nurses.

Psychiatric Services nurses continue to use the “Med Pick-up” service in Credible when medications i.e. Patient Assistance Medications, sample medications nurses pick up from the pharmacy are signed out to clients. There are times Credible does not allow for signatures and during these down times the nurses are instructed to obtain written signatures and scan the form into the actual Med- Pick- up service. Improvement has been noted in the capturing of signatures for med deliveries with recent routine checks revealing signatures obtained with the exception of client denials which were documented in the chart. The client signature at medication pick up remains part of the Quarterly QA Matrix for Psychiatric Services. Our last audit 12/2015 – 05/2016 we were at 100%.

#### **4. Cardkey Access Cards**

**Finding** - Policies and procedures for the handling and control of access card issuance, receipt, safeguarding, and accountability had not been developed, documented, and implemented. In addition, employees were not adequately trained on the handling of access cards, and there was minimal oversight over card access processes.

**Recommendation** – CIBH should develop, document, and implement access card handling process policies and procedures so that the integrity of the data on the card access system is accurate. Employees should be adequately trained on access controls. In addition, CIBH should develop an ongoing oversight and monitoring process to ensure adherence to access cards procedures.

**Response** - CIBH has implemented or is in the process of implementing the following changes:

- Administrative MIS Staff have been issued individual accounts by the Main Card Access Administrator.
- A Formal Request to Add/Transfer/Remove user Access had been established suspensions and terminations are walked by the supervisor to MIS.
- MIS has begun to explore a process of exporting active card access accounts into a CSV file and comparing accounts against the active directory export form the network access. Those accounts that are outside of the network scope are then filtered by the internal HR list by the appropriate staff members.

(Note – the full text of the CIBH response is included in the body of the audit report.)

**2016 Status** – This recommendation has been implemented The following information is found in the MIS Policies:

**Access Approval:** System access will not be granted to any user without appropriate approval. Management is to immediately notify the Security Administrator and report all significant changes in end-user duties or employment status. User access is to be immediately revoked if the individual has been terminated. In addition, user privileges are to be appropriately changed if the user is transferred to a different job.

In addition to the above referenced policy we are developing an exception report that will allow us to identify any individuals that might not have had their access removed in a timely manner. The exception report will pull user information from various sources to ensure that terminated staff, temporary or contract staff or students/volunteers have been properly removed from the system. This report will be monitored on at least a quarterly basis.

## **5. Random Drug Testing**

**Finding** - The CIBH required ongoing random drug testing for van drivers as a requirement of the City's Substance Abuse Policy (Administrative Regulation 2.44). However, it did not require ongoing random drug testing for employees such as Clinicians, Nurses, and Program Supervisors.

**Recommendation** –The CIBH should consider implementing an ongoing random drug testing program for positions such as Clinicians, Nurses, and Program Supervisors.

**Response** – As noted CIBH follows the current Administrative Regulation 2.44 as written. We are in favor of expanded testing of additional job classifications up to including all City of Chesapeake employees in the random pool. CIBH believes that every employee provides a vital role in the delivery of our services and the

abuse of substances by any employee can negatively impact the quality of service to an individual.

**2016 Status** – This recommendation has been implemented. We are still in compliance with city policy.

## **6. Conflict of Interest Practices**

**Finding** – CIBH did not have effective departmental conflict of interest practices.

**Recommendation** – CIBH should strengthen its conflict of interest review practices.

**Response** – CIBH will be implementing a standardized form that will be included in Credible. All employees will be required to complete the form on at least an annual basis or more frequently if they obtain outside employment during the year. Placing this form in Credible will allow us to better manage the completion of the form and to prepare additional analysis in a more efficient manner.

**2016 Status** - This recommendation has been implemented. An employee form to be completed by all staff in Credible has been developed. It will be rolled out within the next month. We will be able to export data from the form to ensure that all staff have completed the form and easily review for potential conflicts.

# **FOLLOW-UP REVIEW**

## **CHESAPEAKE FIRE DEPARTMENT**

**REPORT ISSUE DATE: JULY 2015**

**FOLLOW-UP REVIEW DATE: NOVEMBER 2016**

**CITY OF CHESAPEAKE, VIRGINIA  
AUDIT SERVICES DEPARTMENT**

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**Audit Services Department  
306 Cedar Road  
Post Office Box 15225  
Chesapeake, Virginia 23328-5225  
(757) 382-8511  
Fax. (757) 382-8860**

September 29, 2017

The Honorable Alan P. Krasnoff and  
Members of the City Council  
City of Chesapeake  
City Hall--6th Floor  
Chesapeake, Virginia 23328

Dear Mayor Krasnoff and Members of the City Council:

We have completed our follow-up review of Chesapeake Fire Department. The review was conducted in August 2014. As of that date, the status of the report's eight open recommendations was as follows:

- 8 had been implemented
- were in the process of being implemented
- was planned but not yet implemented
- was partially implemented
- will not be implemented
- is no longer applicable

A copy of each review is included in this report. Please contact us if you have any questions.

Sincerely,

Jay Poole  
City Auditor  
City of Chesapeake, Virginia

C: James E. Baker, City Manager

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**FOLLOW-UP REPORT**  
**CHESAPEAKE FIRE DEPARTMENT**  
**PERFORMANCE AUDIT**

**November 2016**

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## **1. Personnel Staffing Challenges**

**Finding** - CFD was experiencing a chronic shortage of firefighter and paramedic personnel resulting in (1) engines being staffed at less than the four-person crew required by NFPA 1710 5.2.3, and (2) overtime expenses in excess of \$3.7 million for the period FY 2012 through FY 2014.

**Recommendation** - The City should prioritize making changes to expedite the Human Resources – Fire Entrance Process, on-going advertisements for firefighter EMTs and paramedic/firefighter I positions, and create hiring incentives for new firefighters and paramedics.

**Response** - Level of Agreement: CFD agrees with this finding, but with consideration given to some additional factors noted below.

The staffing challenges the Fire Department faces are connected with a number of factors identified in the Audit report. National studies have shown the increased safety, efficiency and effectiveness that a 4-member company provides over a 3-member crew. While there is certainly agreement with the results of those studies, only firefighting operations were considered. With the Chesapeake Fire Department being a Fire-based EMS delivery system there is an added value of a fourth person on each company, especially when one of those firefighters is also cross-trained as a paramedic. This will insure Advance Life Support (ALS) care is available to our patients, in cases such as sudden cardiac arrest, when an engine company arrives on the scene prior to arrival of the medical transport unit. The Department's long-term goal is to staff all Engines and Ladders with 4 members, with each Engine staffed and equipped with ALS capabilities. There is also an anticipated need to increase the capabilities of transport Medic Units to meet the service demands of both the increasing population of the City, as well as the healthcare and medical emergencies of an aging customer base as the baby boomer generation reaches senior citizen status. The audit report recommends increasing the number of ambulances and converting our part-time units to full time status. While there will certainly come a point in time where additional ambulances will be needed, we have been successful in maximizing current staffing resources by targeting peak-time demand call load. Given the City's current financial situation, we see this as a much less expensive and more effective use of staffing than a wholesale increase in the complement for around the clock coverage. The four-person, Advance Life Support (ALS) engine companies noted in this report will provide a viable safety backstop for EMS delivery. (Note: The full text of the Fire Department response is included in the body of the audit report.)

**2016 Status** -This recommendation has been implemented. The Fire Department has worked in conjunction with the Department of Human Resources to more quickly fill our vacancies. Since July 2015 we have hired 96 members to fill the various vacancies throughout the Department.

- 39 Firefighter/EMT positions

- 16 ALS Technicians/FF I positions
- 35 Part Time EMT (BLS and ALS) positions
- 6 Administrative Staff positions

The most recent class of Firefighter/EMTs graduated recruit school on September 29, 2016. We currently have 18 Firefighter vacancies and an anticipated 5 more by the end of 2016. Plans are to conduct another recruit school in early 2017 to fill these vacancies. The graduation, and ultimate release to function of these classes, will have a direct effect on reducing the overtime expenses for the department. For FY16 the Department spent 92.5% of its salary budget.

## **2. EMS Coverage and Support Challenges**

**Finding** - The EMS Division did not have enough funded positions to support all of the critical functions required of Chesapeake's EMS services.

**Recommendation** - As more paramedics become available through the new hire process, the CFD should consider reactivating supervisory paramedic coverage in EMS 2.

**Response** - Level of Agreement: CFD agrees with this finding.

The Department agrees with the assessment findings that the Field Medical Officer positions (3) for the Second Battalion should be reinstated as additional paramedic staffing becomes available. In an effort to manage a growing EMS system administratively, the decision was made to temporarily defer filling these positions in order to address other system-wide needs. As vacancies are being filled, there is a greater need for clinical supervision in the field to insure quality patient care is being provided. The Field Medical Officer position also delivers clinical back-up and support to these new providers. (Note: The full text of the Fire Department response is included in the body of the audit report.)

**2016 Status** – The recommendation has been implemented. The EMS 2 position is currently being staffed on a part time basis Monday-Friday 0730-1800. While in service, the position is providing administrative support for the EMS functions for the Department. They are also providing on scene patient care and support for our providers in the field. As additional vacancies are filled, the position will be evaluated for returning it to being staffed on a full time basis.

## **3. CFD Training Facility and Faculty**

**Finding** - The lack of a modern training facility, faculty, and a permanent training location, significantly contributed to a cycle of firefighter shortages. Frontline staff were temporarily reassigned to the training facility from field operations in order to staff the recruit schools as well as conduct needed repairs to classroom facilities.

Recruit schools had also been postponed due to CFD's need to reassign personnel to address staffing shortages in field operations.

**Recommendation** - The CFD should work with the City to consider development alternatives for a Joint Public Safety Training Facility which addresses the CFD's need for a permanent location and upgraded facility, with space and props needed to train firefighters and paramedic firefighters.

**Response** - Level of Agreement: CFD strongly agrees with this finding.

The Training Division is responsible for all of the training needs, requirements and maintenance of training records for all 400 sworn personnel positions. This includes training new recruits as well as maintaining the knowledge, skills and abilities of our incumbent members. In addition to training our department, we also coordinate CPR education for a number of other City Departments. As indicated in the audit report, this is accomplished with only 3 budgeted positions. To conduct recruit schools and accomplish a minimal amount of in-service training, firefighters are taken out of the field and assigned to the Training Division. Reassigning these firefighters creates vacancies in field operations, which results in either an increase in overtime to cover those vacancies or a reduction below the minimum staffing requirements and/ or service delivery capabilities.

The Department lacks a dedicated training facility, which has been identified as a critical Public Safety need for many years. The current arrangement with the U.S. Navy has helped us over the years; however, it does not meet the needs or expectations of a modern training facility. The quality and frequency of the training that can be conducted has suffered due to these restrictions. While this agreement does provide a space to use and the accessibility of some props associated with the facility, we must abide by the Navy's policies and procedures. This has hampered our Department on many occasions. (Note: The full text of the Fire Department response is included in the body of the audit report.)

**2016 Status** – This recommendation has been implemented. When the new Public Safety Operations Building is occupied in the spring of 2017 there will be some office and classroom space for training CFD members. This will provide some relief for limited classroom and office space. However, there is still a critical need for a Joint Public Safety Training Facility. This facility will address the CFD's need for a permanent location and modern facility that includes space, equipment and props needed to train firefighters and emergency services personnel.

An Emergency Medical Services Education Coordinator was hired in FY16. This position will assist with the development and delivery of EMS related training topics. A budget request has been submitted for FY18 to add a Lieutenant's position to the Training Division's complement to assist with developing and delivering fire and emergency services related training programs.

#### **4. Telestaff Scheduling and KRONOS Timekeeping Issues**

**Finding** - The City's implementation of Workforce Central (WFC) KRONOS caused another layer of cumbersome, labor intensive activity for the CFD. The lack of an interface between the KRONOS timekeeping system and the CFD's Telestaff Scheduling system created inefficiencies in the CFD's scheduling process.

**Recommendation** - The City's IT Department recommended (and Audit Services concurred) that the new Kronos/Telestaff integration processes should be revisited and tested to determine if the new features meet the CFD's scheduling and timekeeping synchronization needs.

**Response** - Level of Agreement: CFD agrees with this finding.

It is the goal of the Fire Department to obtain this interface for efficiency with employee data sharing, roster actions, and timecard management. The recent updates to the Kronos Telestaff interface with WFC Kronos appear to bring improved functionality between the two systems. With system integration, the Fire Department will likely reduce the workload for manual entries, in turn reducing the possibilities of inconsistencies within the data. Coincidentally, the Fire Department, Police Department, and Department of Information Technology are currently working on a Telestaff interface within the Computer Automated Dispatch (CAD) and Records Management System (RMS) project; this interface delivers Telestaff roster information directly to run reports.

The Fire Department, in conjunction with the Department of Information Technology, will work to identify functional requirements and funding alternatives for implementation and sustainment of maintenance costs while being vigilant in verifying the end result will provide a true return on investment (ROI). (Note: The full text of the Fire Department response is included in the body of the audit report.)

**2016 Status** – This recommendation is in the process of being implemented. In late 2015 quotes were obtained for the Telestaff/Kronos interface which were estimated to be \$30,000. Moving forward with the project was postponed due to the anticipated cost of the interface, as well as the major initiative to implement the new CAD/Mobile/RMS project and associated challenges. The current Telestaff program will need to be upgraded within the next 12-18 months. The software version has been changed to a completely different platform known as Workforce Telestaff. Once the current version of Telestaff (server-client) is upgraded to Workforce Telestaff, it will include the interface to Kronos Workforce Central

#### **5. Aging of the Fire Fleet**

**Finding** - The CFD experienced excessive heavy equipment downtime and continued to rely upon an older, less reliable, and rapidly deteriorating reserve fleet to provide city-wide operational coverage, resulting in lost opportunity costs in

excess of \$2.6 million.

**Recommendation** - The CFD should work with the City to develop a vehicle replacement plan that takes advantage of resale values of Fire vehicles, and forgoes future repair costs to maintain older, rapidly deteriorating fire equipment.

**Response** - Level of Agreement: CFD strongly agrees with this finding.

The Fire Department works closely with Central Fleet to maintain, repair and replace apparatus. Funding for new/replacement apparatus comes from the Central Fleet budget and is not included in the Fire Department's expenditures. The Fire Department submits annual requests for vehicle replacement to Central Fleet and they determine what units (throughout the City) will be funded for replacement. Their budget must serve the needs for all of the City's vehicle purchases. Over the years the Central Fleet's budget has not been adequate to replace the Fire apparatus at a consistent and acceptable rate to avoid the high repair costs, excessive out of service time, and lost opportunity costs. (Note: The full text of the Fire Department response is included in the body of the audit report.)

**2016 Status** – This recommendation has been implemented. In FY16 Engine 3 was replaced, and in FY17 Engine 1 was funded and is in production. Reserve Engine 107 is also being replaced outside of the funding schedule due to the failure of the aerial device. This unit will be a Pumper/SkyBoom which provides the needed aerial device along with pumping capability. The City established a capital account for the replacement of fire apparatus in 2016. Initially funded at \$750,000 annually, this amount is forecast to grow to \$1.5M annually by 2019. This fund will allow Central Fleet Management to plan and forecast apparatus replacement for more realistic lifecycles than what has been used in the past. This plan addresses the replacement life cycle of the Fire Department's seventeen Pumpers and three Ladders.

Current replacement cost of an Engine is \$748,000, a Pumper/SkyBoom is \$870,000 and a Ladder is \$1.2M. The capital account for replacing apparatus does not include the Fire Department medic units which average approximately \$300,000 apiece to replace.

The FD has thirteen front-line Medic units with five reserve units. Of the combined eighteen Medics, half (nine units), exceed the seven-year Medic lifecycle as defined by Central Fleet Management, with a combined current average of over 162,380 miles/unit.

In FY15, two medic units were purchased, Medic 8 and Medic 1. In FY16, two medic units were purchased, Medic 3 and Medic 4. In FY17, no medic units were funded for replacement.

## **6. Segregation of Federal Grant Functions and Fiscal Administration**

**Finding** – The CFD lacked a Fiscal Administrator. In addition, at the onset of this audit, CFD had unreconciled differences netting approximately \$521,695 between the City’s financial expenditure records and Grant reimbursements to the City.

**Recommendation** - The CFD should focus on improving its fiscal and grants administration by renewing its request for a Fiscal Administrator. This action would improve fiscal and grants reporting and reconciliation processes for the CFD.

**Response** - Level of Agreement: CFD agrees with this finding.

As mentioned in the report, the Fire Department has been very aggressive in competing for, and being awarded, over \$13 million in grants over the past several years. This funding has greatly enhanced Fire, EMS and Emergency Management capabilities at both the City and regional levels. In 2014, unreconciled differences of \$521,695 between financial expenditures and grant reimbursements were discovered. The Department contracted the services of an independent CPA to review the differences and assist with reconciling all of the balances. The consultant completed the work in early 2015; accounting for and reconciling nearly all of the differences in grant expenditures. Working together, the Fire Department and Finance Department completed the work and reconciled 100% of the remaining differences accounting for all the funds. This entire process greatly improved the daily working partnerships between Finance and the Fire Department, which continues today as normal business operations. (Note: The full text of the Fire Department response is included in the body of the audit report.)

**2016 Status** – This recommendation has been implemented. With the addition of the Fiscal Administrator position in July 2016 the department’s financial management practices have improved greatly. Management of the department’s grant accounts have been segregated and are now the primary function of the Support Services Division’s account supervisor, who is supervised by the new Fiscal Administrator. This has, and will continue to result in better support for the department’s Grant Managers, improve turn-around time on submitting reports and requesting reimbursements from the issuing agencies, and overall better audit and agency compliance.

Since July, a number of the department’s accounts have been streamlined and consolidated. Procedures have been implemented to ensure correct coding of purchases to the proper accounts. Requisitions and invoices are more closely reviewed to increase overall spending efficiency of departmental dollars. This helps fulfill more of the departmental needs and adds cost savings to the City. Better communication with the field and process improvements are key focal points and have continued to increase with the addition of the new position. This has resulted in the Support Services Division being better able to meet the needs of entire department staff and citizens for which they serve.

## **7. Fire Inspections**

**Finding** - The Fire Prevention Division did not have adequate staffing levels to complete its goal of performing 100% of annual inspections for commercial businesses in FY 2014. Instead, the CFD completed only 3,865 of 6,668 (or 57%) of the commercial business inspections.

**Recommendation** - Since dollar losses due to fire remains elevated, the CFD and the City should review program staffing needs for the Fire Prevention Division to reduce safety risks to firefighters, paramedics, and citizens as well as fire losses.

**Response** - Level of Agreement: CFD agrees with this finding.

### Staffing

Over the past 6 years, there has been an intentional and focused direction to enhance the efficiency and effectiveness of Fire Prevention site inspections throughout the City. In terms of life safety and property conservation, this has been both to prevent fires from occurring, and to minimize the impact when they do occur. This report indicates that the Fire Department has been successful toward that goal. Thousands of serious fire and building code violations have been discovered and corrected during this timeframe.

### Inspections – Percentage Completed

In the Fall 2010, the Fire Prevention Office began using our current inspection records management system, MobileEyes. Prior to MobileEyes, inspection records were entered and maintained in the inspection section of our fire records management system, FirePoint. Initially, all inspection data was transferred from FirePoint to MobileEyes. It was later found that inaccurate data, such as duplicate occupancies and incorrect occupant use groups, were included in the data transfer. Some of the percentage of completed inspection data contained in Table 11 is a result of the inaccurate data currently in MobileEyes. Training will be conducted regarding updating the occupant information during each inspection and verifying that duplicate entries are deleted. This training will occur in early Fall of 2015. Once this is implemented the accuracy of the data in MobileEyes will improve. (Note: The full text of the Fire Department response is included in the body of the audit report.)

**2016 Status** - This recommendation has been implemented. A sustained focus on quality fire and life safety inspections has continued since the audit. The inspection program was modified to create a more business friendly approach. A few of these changes included notifying businesses in advance of an inspection, encouraging business owners to schedule their inspection when it is most convenient for them, and contacting them ahead of time to share common fire safety hazards that can be quickly and easily corrected. The program was also redesigned to capture more accurate occupant information and to improve the overall accuracy of the data in

our database. A continuous emphasis has been placed on improving our data collection. Training was conducted with Fire Prevention members in October 2015 and data accuracy continues to improve. We have received many positive comments from the business community regarding the improvements in the program.

A part-time inspector was hired in September 2016 to conduct fire and life safety inspections. Also in September 2016 a Firefighter from Operations was transferred to Fire Prevention. Both these members will be responsible for conducting fire and life safety inspections and will help increase the number of inspections that are conducted. A budget request for FY18 has been submitted for a Lieutenant's position in the Fire Prevention Division. Currently the Division only has one front line supervisor who is responsible for 17 direct reports. The new Lieutenant's position will help balance this span of control, and provide supervision and leadership ensuring that inspections are conducted properly and that they are documented appropriately.

In FY15 3,894 inspections were conducted and in FY16 there were 2,998 inspections conducted. We fully expected the numbers of inspection in FY16 to be lower. With the redesign of the inspections program, we knew the inspections would take longer. This was due to the need to verify the data in the existing database, and to ensure the data that we collected was accurate. We expect that as we finish up the first full round of inspections under the new program that the inspection numbers will increase.

## **8. EMS Ambulance Fees**

**Finding** – Chesapeake's EMS Ambulance Fees were well below that of other Virginia cities and counties. In FY 2014, the total amount of ambulance fees collected by the City was approximately \$4.6 million and only subsidized 16% of the cost of EMS Services valued at approximately \$28 million.

**Recommendation** – Once EMS Ambulance fees are increased, the City should designate the revenues to address system operational and personnel needs in response to increasing demand for firefighter/paramedic services.

**Response** - Level of Agreement: CFD agrees with this finding.

In 2015, the City Council approved the increase to EMS Transport Fees as listed previously to bring CFD to the median of the 13 City/County report published by the Budget Office. This suggestion was made by CFD to bring the agency in line with the local market value and the Center for Medicare Services (CMS) Ambulance Fee Schedule. EMS Transport Fees are billed through the City Treasurer's Office and all funds collected go to the General Fund. The Department is currently working with City Administration and local healthcare systems to insure the increase does not place an undue burden on City residents that do not have

the financial means to pay their EMS Transport Fee through debt forgiveness for charity care. (Note: The full text of the Fire Department response is included in the body of the audit report.)

**2016 Status** – This recommendation has been implemented. The fee increase approved by City Council in 2015 has helped to offset the cost associated with providing Emergency Medical Services. The City posted \$5,634,471 in EMS Fee revenue in FY2016; which represents a \$1 million dollar increase over the FY2014 collection total. The fees are collected through the Treasurer’s Office and deposited into the General Fund. In the near future, additional delineation between the levels of Advanced Life Support incidents will be reviewed and billing rates for the different levels will be pursued.

Hardship cases are reviewed on a case-by-case basis by the Treasurer’s Office. When the Treasurer finds that there is a true hardship, they have approved lower monthly payments, sometimes as low as \$5 a month.

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# Managerial Summaries

## July 1 2016-June 30, 2017

Public Libraries  
Development & Permits  
City Clerk Revenues  
Public Procurement Transition  
Issues  
Pro Rata

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## **Managerial Summary**

### **A. Objective, Scope, and Methodology**

We have completed our review of the City of Chesapeake (City) Public Library for the period September 1, 2016 to June 30, 2017. Our review was conducted for the purpose of evaluating whether the Chesapeake Public Library (CPL) was providing services in an economical, efficient, and effective manner, whether its goals and objectives were being achieved, and whether it was complying with applicable City, State and Federal procedures. All divisions of CPL, including programs such as Library, Book Purchases, State Aid, and Law Library, were evaluated. We also attempted to identify and address any additional problem areas as requested by CPL or determined from the audit itself. The audit included review and evaluation of procedures, practices, and controls of the various divisions of CPL on a selective basis. Samples were taken as appropriate to assist with our evaluation.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

CPL employed a work force of approximately 125 Full Time Equivalent (FTE) employees. Its budget for Fiscal Year 2017 exceeded \$8.85 million dollars, and accounted for .91% of the City's FY 2017 budget. Areas of operational responsibility included Public Library, Book Purchases, State Aid, and Law Library. The Chesapeake Public Library served more than 235,000<sup>1</sup> citizens within the City's 353 square miles.

### **Major Observations and Conclusions**

Based on our review, we determined that CPL had accomplished its overall mission including:

- Providing outreach services for educational support, reading, learning, programs, meetings, cultural events and community gathering spaces
- Developing early childhood literacy areas and services to help children acquire the skills necessary to be able to learn to read, and teaching caretakers how to practice

activities so that children solidified skills necessary to succeed in school and life.

- Providing materials and programs to support families and teens
- Providing citizens access to legal information and research resources
- Expanding technology and access to the digital world, including virtual library services, e-collections, and self-help features for patrons
- Developing a consistent early literacy curriculum, expanding adult education and embedding cultural components within educational classes and entertainment programs
- Strengthening existing partnerships and seeking out new partnership opportunities
- Increasing the visibility of CPL, branding CPL, and telling CPL's story as a community asset and educational resource

However, we did identify several significant operational challenges. These challenges included management issues related to the Chesapeake Public Library Foundation's (CPLF's) copier program, staffing, physical security, backup, cash handling, facility maintenance issues, and utilization at one library.

This report, in draft, was provided to CPL officials for review and response, and their comments have been considered in the preparation of this report. These comments have been included in the Managerial Summary, the Audit Report, and Appendix A. CPL's management, supervisors, and staff were very helpful throughout the course of this audit. We appreciated their courtesy and cooperation on this assignment.

## **B. Performance Information**

The core mission of CPL was to educate and enrich people of all ages by providing free access to information, materials, technology and cultural opportunities. Its Core Values included Commitment to Lifelong Learning, Equal Access, Fair and Respectful Treatment, Inclusion, Innovation, and Flexibility. Audit Services reviewed CPL's strategic plan, criteria, and goals, and then reviewed the Citizen Satisfaction survey and other library documentation to determine how much was being accomplished.

### **1. Citizen Satisfaction**

CPL has had a positive impact on the City's residents. In the most recent citizen survey, released in October 2014 by Continental Research Associates Inc., CPL had the second highest score for level of satisfaction of any City department or service ranked in the survey. Specifically, the survey showed that 42.9% and 54.5% of the survey respondents were "very satisfied" and "satisfied" with CPL services respectively, indicating an overall 97.5% satisfaction rating. CPL also scored the second highest average mean rate of 3.40 (out of a possible 4.0) in 2014. CPL continued to provide essential services for the City and continued to deliver effective library services through both CPL's collections and website (infopeake.org) to the citizens of Chesapeake.

## **2. CPL Initiatives Based on Prior Audit Recommendations**

**a. A Successful Automated Materials Handling (AMH) System and Radio Frequency Identification (RFID) Implementation.** CPL was successful in increasing its efficiency through implementing an RFID system, tagging over a million items with RFID tags, and implementing the self-checkout system. According to internal documents, CPL also realized an increase in staff time efficiency based on a 95 percent customer usage rate for the self-checkout system.

### **b. The Development of Cash Handling Procedures**

CPL developed and successfully implemented cash handling and reconciliation procedures as a result of the last audit. As with any policy and procedure, the process was continually assessed and revised by the Staff Training Specialist and the Accountant II as needed.

## **3. CPL Statistical Trends from 2008 to 2015**

From FY 2008 to FY 2015, the State average for the number of items checked out for reporting libraries was 6.97 items per capita in 2015. CPL customers checked out 8.86 items per capita, which was 27% higher than the State average. In 2015, the average number of customers visiting a library in the State was 3.99 visits per capita. CPL experienced 5.16 patron visits; 29% higher than the State average.

The turnover rate of library collections for CPL was 114% higher than the average reported by the State in 2015. The turnover rate of CPL's collection (92.31%) was almost equal to Virginia Beach Public Library and was consistently higher than all other libraries in the Hampton Roads region.

## **4. 2015-2020 CPL Strategic Plan**

CPL began its strategic planning process in the summer of 2014. To understand the key role that the City's seven (7) libraries played in community vitality, the Library's leadership and staff reached out to Chesapeake citizens, library users and non-users to understand the needs of the community and the role of the Library.

## **5. CPL Performance: Strategic Plan Criteria 1 - Programming**

CPL was successful in achieving the Strategic programming goals. CPL offered a variety of programs and services to its customers. This was consistent with its first 2015-2020 program objective. CPL offered many programs with service objectives for all ages, which directly impacted Chesapeake communities. Youth and Family Services (YFS) staff wrote Every Child Ready to Read2 compliant curricula

for every early literacy class, prepared specific STEAM programs for tweens and teens, to be used at every branch and on outreach Mobile Edition vans. This ensured consistent quality and skill building across all branches. Adult Services aligned programming and classes with identified community needs and the 55+ Comprehensive Plan.

## **6. CPL Performance: Strategic Plan Criteria 2 – Partnerships**

### ***a. Strengthening existing partnerships***

#### **Friends of the Chesapeake Public Library (FOL)**

The Friends of the Chesapeake Public Library (FOL better known as the Friends), was a 501(c)(3) non-profit organization. It consisted of a group of library advocates dedicated to enhancing the Chesapeake Public Library by raising and providing funds

for services and programs that enriched the lives of area residents of all ages.

These funds were used to purchase equipment and materials that were not funded through the Library's operating budget. In addition, they sponsored special programs and advocated for strong library support.

#### **Chesapeake Public Library Foundation (CPLF)**

The Chesapeake Public Library Foundation (CPLF), a 501(c)(3) non-profit corporation, was created in 1996 by community leaders to provide private support library services in Chesapeake. CPLF raised private funds to augment and support library programs, collection materials, improvements and service. CPLF was central to providing copiers and printers for public use at all seven branches; funding the conversion of children's rooms to Early Literacy Centers at all seven (7) libraries; and enhancing programs such as the Summer Reading Program and establishing new programs such as the Smart Start Chesapeake Early Learning program.

## **7. CPL Performance: Strategic Plan Criteria 3 – Communication**

CPL increased its visibility through its website (infopeake.org) and online social media presence. Additionally, in coordination with the City's Fleet Services Department, CPL launched the New Mobile Edition (ME) vans, which replaced the old outreach Bookmobile. These new vehicles gave CPL the opportunity to reach and engage Chesapeake citizens who did not have easy access to a library building. CPL had plans to provide much broader library services through the vans than previously available through the former Bookmobile. These vans were considered "Maker" vans, a first in the Hampton Roads area, and provided Child Early Literacy services for child care providers. They were also used throughout the City to showcase and brand the CPL name.

CPL had a Public Information Coordinator to develop policies, prints, and designs for The LOOP, the CPL's source for advertising all of library programs and

events at all seven (7) libraries. CPL also used their website, Infopeake.org, to document their story through photos and videos. The various types of social media used by the CPL included Facebook, YouTube, Google Plus, and Instagram.

#### **CPL Performance Strategic Plan Criteria 4: Human Resource Development**

##### ***a. Retain Excellent Staff***

As part of its human resources development strategy, the CPL hired a Staff Training Specialist with the intent of skill building for staff and decreasing CPL's turnover rate. The Training Specialist was developing and implementing a staff training program, skills enhancement, and leadership development program. The Library's Staff Day was part of this initiative. There were also plans to expand training through Train-the-Trainer initiatives.

##### ***b. Cultivate and Recruit High Quality Staff***

As part of its training initiative of the City-wide Customer CARE standards, CPL recognized the power and reach of good customer service internally and externally, as a recruitment strategy through the Staff Training Specialist's New Employee Onboarding Training. To help CPL decrease the employee vacancy rate, the Staff Training Specialist was advancing CPL's reputation and progress through networking, professional development and visibility at local, state, and national levels.

##### ***c. Leverage Volunteer Resources***

CPL recognized the need to increase the retention rate of long term and regular volunteers. CPL planned to create a sustainable system-wide volunteer recruitment and training program. Volunteer hours were planned to increase. There were also plans to develop performance measurements to determine the impact of volunteer hours.

#### **8. CPL Performance: Strategic Plan Criteria 5 – Sustainability**

##### ***Chesapeake Library (Advisory) Board and Law Library Board***

The Chesapeake Library Board was an advisory board that was appointed by City Council. The Board provided input to the City Manager, Library Director and City Council concerning matters relating to the conduct, improvement and support of the Chesapeake Public Library. (*City Code Sec 2-326*) The Board consisted of nine (9) members and five (5) Ex-Officio Members.

## C. Operational Issues

Although CPL was successful in meeting its strategic goals and objectives, it was experiencing several operational challenges. These challenges included management issues related to the Chesapeake Public Library Foundation's (CPLF's) copier program, staffing, physical security, backup, cash handling, and facility maintenance issues, and utilization at one library.

### 1. CPLF Copier Program

**Finding** - The City was experiencing numerous control issues with CPLF's Copier and Printer Program (Copier Program). CPL and CPLF were operating the program without a formal agreement identifying the roles and responsibilities of each entity. CPLF relied heavily on CPL resources to operate the copier program, and the absence of a formal Memorandum of Understanding (MOU) created risk for the City.

**Recommendation** – The City should consider discontinuing CPLF's Copier Program unless a formal MOU is negotiated and placed into effect.

**CPL Response** – *The City and CPLF are currently negotiating a new MOU and preparing to move the entire ownership of the copier and printing equipment and associated responsibilities to the City, effective 12/31/2017. This will end the comingling of City and CPLF funds, as well as eliminate the use of Library staff and staff time to count, process and handle CPLF funds. Funds generated will be deposited to the City's General Fund. The outstanding customer balances on the SAM accounts will be addressed in the MOU negotiations. Once the printers and copiers are under control of the City, patrons will not be able to add money to their accounts if there is a balance on the accounts. Patrons will not be able to add money to their SAM accounts until they have depleted the balance on the account; from that point on, printing and copying will be on a "pay as you go" basis to keep balances from accruing on accounts. The potential conflicts of interest between the City and CPLF will be negotiated.*

**CPLF Response** – *After the library budget was cut by \$1.2M over two years (2009 and 2010), the City was unable to replace the aging equipment used by the public. The Foundation was asked to present a plan to replace the equipment. The plan was presented at a work session and approved by Staff and Council. The Foundation was able to secure a large private donation to cover the cost of the hardware and software needed to implement an updated solution. The components were purchased and installed in 2011. As part of the partnership plan, the City agreed to allow staff to empty the machines, prepare the accounting reports and provide IT support. In exchange, the Foundation agreed to permit staff to use the copiers free of charge for City business and to use the proceeds for library projects and programs.*

*The City owns the main server, a portion of software, the payment kiosks and the desktop computers. The Foundation owns a portion of the software, the*

*copiers and printers and key ancillary items like the wireless print modules. Since the copiers and printers were installed in 2011, the project has generated \$443,776 (thru 6/30/17) in net proceeds (after deducting the cost of maintenance, Brinks Security and paper). More than \$574,971 has been returned to the library for projects and programs during that same timeframe. (Note: The full text of the CPLF response is included in the audit report.)*

## **2. Staffing Challenges**

**Finding** - CPL was experiencing significant staff turnover which adversely impacted operations and required ongoing staff training. Also, CPL did not have a Senior Central Library Manager or a Fiscal Administrator function to oversee fiscal responsibilities for all seven (7) library locations.

**Recommendation** – CPL should take steps to reduce turnover. Also, the City should consider restoring the Senior Central Library Manager position and creating a new Fiscal Administrator position.

**Response** – *Agree. Regarding reducing turnover, the Library will continue to work with local college and university job fairs, job boards and other programs to assist in the recruitment process.*

*Regarding converting part time positions into full time positions, the high number of part time positions creates the “revolving door” effect, which results in Library staff spending an inordinate amount of time training part-time employees many of whom leave while still in the early training phase. The result is that few of the part time staff are fully trained and able to work independently before they move on to other employment. In addition, long-term, part-time staff who are fully competent leave; they find little incentive to stay because full-time work opportunities are limited at CPL. The Library turnover rate could be decreased and retention rate may increase if staff had more full-time opportunities. The Library will work with Human Resources and Budget offices to convert part-time positions to full-time positions.*

*Regarding reviewing the need for the Senior Library Manager position, and reviewing the need for a Fiscal Administrator position and increasing the administrative staff to reduce bottlenecks, the Library recognizes:*

- *The opportunity to review the need for a Central Senior Library Manager, recognizing that the Central Library is the flagship and the largest of our libraries.*
- *The obligation to review the need for a Fiscal Administrator to streamline the management of complex and numerous funding streams to handle the procurement process, cash and donations for seven (7) different libraries and create comprehensive internal controls for the Library’s funding streams*
- *The bottlenecks created by limited staff to handle HR onboarding, payroll, and accounting processes*

*(Note: The full text of the response is included in the audit report.)*

### **3. Physical Security Issues**

**Finding** – Library Branch Managers did not have the ability to view real time surveillance video. Additionally, the City did not have a policy to address alarm systems and panic buttons installed throughout the libraries and other City departments. The roles and responsibilities for security as it pertained to the Library, Facilities Management, and security vendors were not clearly defined.

**Recommendation** – CPL should consider installing closed circuit television (CCTV) security monitoring systems where appropriate to allow people to view real time activity captured by cameras in each library.

**Response** – *Agree. Library Administration commends Library IT for the initiative they have shown in addressing the security system issues and testing the panic buttons. Both Library Administration and Library IT are in agreement that the ability of branch library staff/management to view real time streams of video provided by the existing systems is important. To accomplish this, Library IT will install one flat panel monitor in each Library Manager's office, or branch workroom and make video available from a local PC. A local PC is required due to restrictions on bandwidth utilization traversing the Library WAN segments. The Library will ensure that Facilities Management is aware of the ALA guidelines for security.*

### **4. IT Backup Operation**

**Finding** - CPL did not have a data processing backup operation that automatically switched to a standby database, server, or network for its mission critical systems if the primary system failed or was temporarily shut down for service.

**Recommendation** – The City should consider including a failover site for the CPL in future capital improvement plans to prevent the potential loss of critical IT systems in the Central Library.

**Response** – *Agree. CPL and Library IT agree with this recommendation and has submitted a comprehensive plan to achieve a standby data center operation by June 30, 2018, in conjunction with City DIT at the new Public Safety Data Center on Military Highway. This provided is approved and funded in the FY18 Capital Improvement Budget as Project Number: 09-220; Titled: Library – Data Center Redundancy/DIT Co-location. This project will resolve the issues brought up in the Performance Audit.*

## 5. Cash Handling Processes

**Finding** – Cash collected daily was counted at least four times prior to being deposited. The first two counts occurred on the night the register was closed. The third and fourth counts occurred before the deposit was made the next day.

**Recommendation** – CPL should revise its cash handling processes.

**Response** – *Agree. While the cash handling processes are regularly reviewed, the Library Accountant II concurs with the recommendation that the Library eliminate the counting of the register monies at closing and that the cash and cash register tape be locked in the safe by two people. In the morning, two staff members will validate the cash, reconcile to the cash register tape and prepare the deposit for the Treasurer's office. Morning staff will set up the cash till for the day. Cash register receipts are routinely issued to patrons for all transactions. Void approval level will be assessed and adjusted, if necessary.*

## 6. Condition of Library Facilities

**Finding** - The Central Library building had numerous unresolved water leaks noticeable on ceiling tiles and carpet in the Collection Management Services Division, where newly delivered books were stored and staged for delivery to the various library branches. In addition, there was evidence of leaks in the ceiling tiles in the Library Administration areas.

**Recommendation** – CPL should work with Facilities Management to resolve these issues.

**Response** – *Agree. The Library and Facilities Management work closely to address facility issues. Facilities Management has scheduled Central Library for a partial roof replacement in FY17-18 to eliminate leaks. The water damaged carpet and tile have been replaced and/or scheduled for replacement.*

## 7. Review of Library Heat Map/ Time and Usage Reports

**Finding** - A review of usage data from January 30 to March 12, 2017 found that the Cuffee Library was underperforming in patron usage when compared to the other libraries in the CPL system.

**Recommendation** – CPL should explore methods of improving the Cuffee Library's usage

**Response** – *Agree. The Library has been working diligently in the Campostella community to let the citizens know what the Library offers and create programs, classes and events that attract and benefit the community. Unfortunately, the response has been disappointing. FY18 project planning*

***will include assessment of all branch programs and resources. Time and Usage reports will be scrutinized and assessed in order to offer in-demand programs and, if necessary, reallocate staff for more effective use of human resources.***

## **Managerial Summary**

### **A. Objectives, Scope, and Methodology**

We have completed our review of the Chesapeake Development and Permits Department (Department) for the period June 1, 2015 to May 31, 2017. Our review was conducted for the purpose of determining whether the Department was providing services in an economical, efficient, and effective manner, whether its goals and objectives were being achieved, and whether it was complying with applicable City and Department procedures related to permit issuance, inspections, management oversight, contract management, cash and payment processing, safety, security, information technology, and facility operations.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Department provided essential services for the City of Chesapeake (City) that improved the quality of life and protected the health, safety and welfare of the community. Its primary purpose was to enforce code compliance, zoning regulations, issue building permits and certificates of occupancy, and cause corrective action to be taken to remove debris, weeds, grass, and abandoned structures. The Department ensured that developments were in compliance with all Federal, State laws, regulations and City Ordinances. Development Engineering's primary function was to approve all site and subdivision plans including Roads, Drainage (Quality & Quantity), Water, Sewer, Erosion & Sediment Control, Franchise Utilities in Public Right-of Way. Additionally, the Development Construction Division's primary function was to ensure all site and subdivision improvements were constructed according to approved plans.

For Fiscal Year (FY) 2017, the Department had an operating budget of slightly under \$7 million (\$6,774,834). This accounted for 0.695% of the City's operating budget. Of this amount 84% (\$5,693,224) was for employee salaries, wages, and benefits. The authorized compliment for the Department was approximately 75 personnel, split over five operational areas: Development Engineering, Development Construction, Code Compliance, Zoning, and Administration. The Department occupied offices on the second and third floors of the City Hall Municipal Building with public access on the second floor.

To conduct this audit, we reviewed and evaluated City and Department policies and procedures and operations documents and reports, both internal and external. We also reviewed applicable Federal and State laws, regulations and City Ordinances. We conducted tours of the various divisions within the Department. We discussed these audit areas and conducted interviews with the Director, Fiscal Administrator, other Department administrators, accounting staff, and various employees.

## **Major Observations and Conclusions**

Based on our review, we determined the Department had accomplished its overall mission of providing essential services for the City of Chesapeake (City) that improved the quality of life and protect the health, safety and welfare of the community. However, we did identify several areas of concern that needed to be addressed. Those areas included the Accela Project, proffers, elevator inspections, building inspections, cash settlement, and staffing.

This report, in draft, was provided to the Department officials for review and response. Their comments have been considered in the preparation of this report. These comments have been included in the Managerial Summary, the Audit Report, and Appendix A. The Department Director, Fiscal Administrator, and staff were very helpful throughout the course of this audit. We appreciated their courtesy and cooperation on this assignment.

## **B. Performance Information**

Did you ever want to build a new house or maybe an entire neighborhood of new houses? Did the remodeling craze make you feel the need to add a garage or a hot tub? Did all your gardening efforts make you want to complain about your neighbor's high grass? Chances are if you did any of these things you came into contact with the Department of Development and Permits. This department provided oversight for keeping and maintaining the high property standards that the City aspired to.

The Department reviewed and approved commercial and residential building plans submitted for single houses and entire subdivisions, ensuring that the proposed projects followed the various building codes and zoning uses. Inspectors ensured that the houses, commercial buildings, and additions were built in accordance to the correct standards. After construction, the Department continued to monitor the neighborhoods to enforce the various City and Zoning Codes used to keep residents safe and protect their health, safety and welfare.

## **1. Creation of the Department of Development and Permits**

In February 2009, the Department of Development and Permits was created, with parts taken from the Neighborhood Services and Public Works Departments. The reorganization was carried out in an effort to reduce wait times for approval of businesses' construction projects by bringing key elements of the plan review process under one organizational grouping with improved customer service. The new Department commenced operations on July 1, 2009.

The changes reduced the initial plan review time for businesses' construction projects, allowed cable and phone companies to be able to obtain utility permits more quickly and smoothly, and gave churches and other groups more time to put together major projects after approval of a conditional use permit. Bringing the subdivision review process and the Public Works' development review process together created a more cohesive approach to getting projects approved, permitted, and onto the tax rolls as quickly and as efficiently as possible.

## **2. Organization**

The Department had two primary functions. The first function was to coordinate all phases of development, design, and construction from undeveloped land to the Certificate of Occupancy. The second function was to monitor property maintenance, carry out rental inspections, and the enforcement of zoning ordinances.

To effectively carry out these functions the Department was subdivided into five functional divisions: Development Engineering; Development Construction; Code Compliance; Zoning/Property Maintenance; and Administration. Each division was responsible for providing essential services to citizens of the City and providing a quicker, more coordinated plan review and permitting process for developers.

## **3. Development Engineering Division**

The Development Engineering Division's function was to approve all site and subdivision plans. Their work included all aspects of the site plan: water, sewer, roads, drainage, and rights-of-way among others.

The division averaged 1,200 plan reviews per year with more during periods of positive economic growth. They reviewed developments to determine that there was no detrimental effect to the City, that the design of the facilities were adequate, and that the development conformed with state mandated requirements. Other functions included maintaining the permanent file copy for the project, investigation of customer service request related to development, and maintaining the Public Facilities Manual.

#### **4. Development Construction Division**

The Development Construction Division's function was to ensure that all site and subdivisions were constructed according to the plans approved. This function included ensuring that all permits were issued, adequate traffic control was maintained, and construction site drainage was provided for and controlled. Also, this division ensured that the contractors were bonded and insured.

The division inspected approximately \$30 million in public facilities development each year and ensured that the level of construction was adequate in quality for City accepted facilities to insure against future City expense. Other functions included monitoring and inspecting borrow pits and landfills within the City, assisting Public Works with enforcement of the Erosion and Sediment Control standards, and inspection and investigation of customer service requests related to construction activity. One function, unique to the City, was to inspect and administer nearly all new utility activations.

#### **5. Code Compliance Division**

The primary function of the Code Compliance Division was to enforce the Virginia Uniform Statewide Building Code and City Code. This enforcement was done through the use of inspections on new construction projects (existing structures review was shifted to Zoning/Property Maintenance in 2015). These inspections ensured that a building's gas, electrical, mechanical, structural, plumbing, and other work were performed to code..

#### **6. Zoning/Property Maintenance Division**

The primary function of the Zoning/Property Maintenance Division was to enforce various City Code Regulations and Zoning Ordinances, as well as enforce codes for existing structures. These ordinances were established to provide for the public health, safety, and welfare. Their duties were far reaching in enforcing health and safety requirements. Graffiti removal, weed and debris control, demolitions, board ups were all enforced by this unit. Various zoning regulations such as flag pole and sign heights, garage sales, skate board ramps, and home occupations were also enforced. They also coordinated with other City departments responsible for mowing and maintenance of City property to ensure the City complied with the same Codes as citizens were required to follow.

#### **7. Administration Division**

The Administration Division was responsible for providing overall departmental leadership and necessary supporting functions, such as payroll and accounting, for the Department and the operational divisions. This Division was responsible for coordinating the Department's operations, preparing the operating

and capital improvement budgets, and preparation of all necessary financial reports.

## **8. Accela eBuild**

In November 2015, the Department implemented Accela eBuild, which stood for “electronic Building Utilities Inspections Land use & Development, software. This software was intended to allow contractors to obtain permits through a web enabled and mobile-friendly single gateway system.

The system was intended to give users twenty-four hour a day access to a wide range of services that before were available only during office hours. These services included building (commercial and residential), trade, and elevator permits; development site and subdivision plan reviews and associated construction permits; outdoor special event permits or event-related operational fire code permits; rezoning, conditional use or preliminary site or subdivision plan reviews; utilities for applications related to utility activation or connection fees for new construction; and zoning permits governed by the Chesapeake Zoning Ordinance such as signs, tents, fences or sheds. The system could also process on-line payments for several fees.

## **C. Operational Issues**

Based on our review, we determined the Department had accomplished its overall mission of ensuring that developments were in compliance with applicable laws and protecting the health, safety and welfare services of citizens. However, we did identify several areas of concern that needed to be addressed. Those areas included the Accela Project, proffers, elevator inspections, building inspections, re-inspections, cash settlement, and staffing.

### **1. Accela Project**

**Finding** - There were 101 remaining Accela change requests that needed to be resolved and implemented for the Department and 30 for Public Utilities, Planning, and Parks and Recreation. These change requests were related to system enhancements, modifications, creating various system reports, and business process enhancements.

**Recommendation** - The Department should obtain additional resources to hire third-party vendors to resolve and implement the 131 outstanding change requests that have not been completed. It should also consult with IT to develop a program to automate the invoice and payment process for fee revenue to the Accela interface. In addition, all revenue fee accounts should be reconciled each month.

**Response – The Department agrees with the assessment. This relatively new system had many unknowns when it was procured, particularly the long term**

resource needs to maintain the system. At this point we know we have three categories of needs for operating Accela; 1) A need to finish the project implementation consistent with the original scope (unfinished components/functions), 2) There is an operating component with trouble shooting system failures, customer assistance (internal and external), and implementation of frequent Accela updates, 3) Development of applications for other key development and permitting functions still done manually, like hauling permits, elevator inspections, capital project review to name a few. This category will continue to be a demand as the City changes policies and procedures as well as seek to improve customer service. The current Business Applications Specialist II staff member spends a significant portion of their time on category 2, which was not anticipated when the project was developed. (Note: The full text of the response is included in the report)

## **2. Voluntary Developers Proffers**

**Finding** - A review of the proffers offered by developers identified several areas of concern. The Department did not have a means to verify that they were receiving all the approved proffers; the naming and numbering nomenclature was not consistent with other users; and Accela was not used as the primary accounting platform to track the proffers.

**Recommendation** - The Department should lead other departments in developing a citywide process to ensure that all proffers were tracked through each department and that none had been misplaced.

**Response** – The Department agrees that there are potential improvements in the proffer tracking process. We do not believe that there is an unreasonable risk in missing the collection of cash proffers because of existing system redundancy within this Department and the proffer affiliated departments. There have been short term errors in the past, caused in part by proffer complexity and inefficient tracking methods; but each time there was system redundancy that discovered the miss. The single biggest efficiency gain would be the completion of the proffer functions within Accela. There are clearly far too many different disconnected tools/systems used for proffer tracking.

The Department will continue to make Accela completion a priority effort as resources permit. This matter will also be added to the agenda for the Development Coordination work group (departments involved with development) to address.

## **3. Elevator Inspection Process**

**Finding** – The elevator inspection process needed improvement

**Recommendation** – The Department should continue to review, analyze and reengineer the elevator inspection process so that it ensures that all commercial and City elevators and other people/equipment moving devices are identified and inspected in accordance with State and City Codes.

**Response** – This audit identified some written procedures that were not being followed consistently, in addition to the need for enhanced procedures. The zoning/property maintenance division has already started making some changes to address the issues.

The Department will do a comprehensive review of the process used for reviewing and tracking elevator inspections. This will include an effort to modify Accela to address not just billing, but also the tracking and notifications to owners.

#### **4. Permit Inspection Process**

**Finding** – The permit inspection process needed to be improved.

**Recommendation** – The Department should review, analyze and reengineer the inspection process so that it ensures that all inspections of commercial and residential projects are properly documented and reviewed.

**Response** – The Department agrees that quality control should be reviewed and enhanced to insure accuracy and timeliness. The Department's ongoing review of inspector field devices will facilitate resolution of some of the identified concerns.

The Department is also making completion of the Accela scheduling functions a priority.

#### **5. Re-inspection Fees**

**Finding** – The process for collecting re-inspection fees was not consistent.

**Recommendation** – The Department should develop a minimum standard that ensures consistent assessment of the above re-inspection fees.

**Response** – The Department's current written policy will be modified to provide more consistency of application. It should be noted that this fee has been applied as a deterrent to inadequate construction as opposed to a revenue generation tool. As such some degree of flexibility should remain for appropriate customer service reasons.

## **6. Cash settlement Process**

**Finding** - The cash settlement process in place for the Department's customer service area was not efficient and was not designed to promote good customer service. In addition, internal controls and the safeguards over assets could be enhanced.

**Recommendation** – The Department should enhance their cash settlement and verification processes to ensure that customers are serviced in a timely manner and that internal controls are strengthened.

**Response** – The Department agrees with this recommendation. Steps have already begun to secure additional registers that will allow us to maintain full cashier functions during operating hours (no shutdowns). The Department's new fiscal administrator will develop an action plan to address the remaining identified issues.

## **7. Staffing Concerns**

**Finding** - The Department was losing code compliance staff to other localities, most notably Virginia Beach.

**Recommendation** – The City should evaluate the compensation and staffing levels of the various inspectors and adjust as required

**Response** – The Department completely agrees with the assessment. The Property Maintenance/Zoning inspectors that share the same classification (Code Compliance Inspector) have a frequency of turnover that effects both the quality and quantity of enforcement, drastically impacting customer service. The current pool of 10 inspector positions has an average tenure of 9 months on the job. The Department loses staff not only to other Cities, but also other departments with higher grade positions for similar experience. The Department has had discussions with Human Resources about this issue, however changes were not included in previous citywide classification range adjustments. The Department has also started doing our, position specific, exit survey to identify potential factors.

We are also considering modifying some administrative job functions that would make the inspectors more efficient. This was one factor identified in the Department exit survey, in addition to the uncompetitive salaries.

## **Managerial Summary**

### **A. Objectives, Scope, and Methodology**

We have completed our review of the Chesapeake City Clerk's Office (Clerk's Office) Revenues for July 1, 2015 – June 30, 2016. Our review was conducted for the purpose of evaluating controls over the revenue collection process within the Clerk's Office and whether it was complying with applicable City and Clerk's Office procedures related to cash handling, cash settlement, segregation of duties, safeguarding of assets and passport issuance.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Clerk's Office provided essential services for the City of Chesapeake (City). Its primary purpose was to document, preserve, and maintain historical records of the legislative actions taken by the Mayor and City Council. Additionally, the Clerk's Office provided staff support for the City Council and served as a United States Passport agency.

For Fiscal Year 2016-2017 (FY 16-17), the Clerk's Office had an operating budget of slightly under \$600,000.00 and accounted for 0.06% of the City's budget. The Office had an authorized compliment of 7.0 personnel. The personnel compliment accounted for slightly under 81.0% of budgetary requirements. The Clerk's Office received 86.43% (\$508,703.00) of its budget from the General Fund. The remaining 13.57% (\$79,900.00) came from charges for services such as passport issuance. The Clerk's Office was located on the sixth floor of the City Hall building

To conduct this audit, we reviewed various aspects of Clerk's Office functions. We reviewed passport issuance records and cash settlement records for the period of April thru June 2016. Procedures for receiving and recording of passport operations assets were reviewed. Compliance with City policies and applicable Federal regulations were verified.

## **Major Observations and Conclusions**

Based on our review, we determined the Clerk's Office had accomplished its overall mission of providing a historical record of the governing body, including ordinances, resolutions, minutes of the council meetings, work sessions and special meetings, coordinating the responses to the concerns and needs of the citizens, and other City departments, providing staff support to the City Council, and serving as a passport agency. However, we did identify several revenue-related areas of concern that needed to be addressed. Those areas included the processing of passports, cash handling and reconciliations, internal control weaknesses, and physical security.

This report, in draft, was provided to the Clerk's Office for review and response. Their comments have been considered in the preparation of this report. These comments have been included in the Managerial Summary, the Audit Report, and Appendix A. The City Clerk's staff were very helpful throughout the course of this audit. We appreciated their courtesy and cooperation on this assignment.

### **B. Performance Information**

The City Clerk's goal was to serve as the professional link between the citizens of Chesapeake, City Council, and City departments, work closely with City Council, and provided staff support to the Mayor and City Council. Another goal was to prepare, preserve, and maintain the permanent and historical records of the City as well as the legislative actions of the City Council in accordance with City policy and the Virginia Public Records Act. In furtherance of this goal, the Clerk's Office recorded and published City Council minutes and insured that the City Council decisions were recorded properly and archived. The Clerk's Office also served as a conduit for information by handling inquiries from citizens and other City departments, assisted the City Council with correspondence, managed the appointments to the City's Authorities, Boards, and Commissions, and handled research requests.

### **C. Handling of Passport Applications and Review of Internal Controls**

While the primary activities of the Clerk's Office were generally being handled in a satisfactory manner, we noted that there were several passport revenue-related areas where performance could be enhanced. These areas included the processing of passports, cash handling and reconciliations, internal controls, and physical security

## **1. Passport Issuance Process Controls**

**Finding** – The Clerk’s Office did not have documented procedures that addressed the passport issuance process. The number of issued passports indicated on Passport Transmittal Forms were not reconciled to the total dollar amount of application fees processed to the general ledger. Internal controls related to cash handling, settlement, segregation of duties, and safeguards over assets for the passport issuance process were not in place. In addition, there was limited oversight and monitoring of the passport issuance operation.

**Recommendation** – The Clerk’s Office should enhance and document their cash handling, cash settlement and passport issuance policies and procedures so that cash is adequately safeguarded. Passport application fees should be reconciled to the general ledger on a periodic basis. Also, employees should not be not allowed to handle a transaction from beginning to end. In addition, the Clerk’s Office should develop an ongoing oversight and monitoring process to ensure adherence to cash settlement, cash handling, passport issuance processes, and safeguarding of assets procedures.

**Response** - **With the guidance of Audit Services, we have implemented an ongoing monitoring process to ensure adherence to cash settlement, cash handling, passport issuance processes and safeguarding all assets and procedures s so that cash is adequately safeguarded at all times. Passport application fees are reconciled to the general ledger on a daily basis. I am certain that we are operating at a much more accountable and improved process and appreciate the help of Audit Services. (Note: the full text of the City Clerk’s response is included in the audit report .**

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## **Managerial Summary**

### **A. Objectives, Scope, and Methodology**

We have completed our review of the Purchasing Office (Purchasing) for January 1, 2016 – October 31, 2016. Our review was conducted for the purpose of evaluating any transition issues as the City underwent a change in procurement administration. We also attempted to address any procurement transition issues raised by the interim Procurement Administrator. This audit was requested by the Acting Procurement Administrator.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Purchasing provided essential services for the City of Chesapeake (City). Purchasing acquired the supplies, services, and commodities required by departments and agencies in accordance with State and City procurement laws, policies, and procedures. The office was also responsible for procurement activities required for construction and other capital projects. Purchasing conducted acquisition activities by providing procurement services and support, and distributed mail to City departments and agencies.

For Fiscal Year (FY) 2016-2017, Purchasing had an operating budget of \$943,494 and an authorized compliment of approximately 11.63 personnel, 10 located on the fifth floor of City Hall and 1.63 were located in Mail Room on the first floor of City Hall.

To conduct this audit, we reviewed and evaluated City and Department policies and procedures, and operations documents and reports, both internal and external. We also conducted interviews with various department heads, Purchasing staff, and various Finance staff and observed various processes and records.

### **Major Observations and Conclusions**

Based on our review, we determined that Purchasing's transition efforts were generally well received by City departments. However, we did identify some issues related to centralized contract administration consistency, contract file control, vendor verification, P-Card requirements, and sealed bid control.

This report, in draft, was provided to Purchasing officials for review and response. Their comments have been considered in the preparation of this report. These comments have been included in the Managerial Summary, the Audit Report, and Appendix A. Purchasing

was very helpful throughout the course of this audit. We appreciated their courtesy and cooperation on this assignment.

## **B. Performance Information**

Pursuant to the Purchasing Ordinance, the Procurement Administrator was delegated responsibility establishing policies and procedures governing the functions of Purchasing. Purchasing was responsible for ensuring that the procurement process was efficient, effective and fair, and that tax dollars were spent wisely.

### **1. Contract Administration**

Contract Administration involved managing the contract to ensure it was fully executed. Administration of the contract began with the signing or execution of a contract or purchase order. The purpose of contract administration was to assure that the contractor or supplier had fulfilled its contractual obligations in accordance with the terms and conditions of the agreement. Other responsibilities included reviewing requests for changes or modifications, monitoring performance, and resolving disputes, discrepancies and deficiencies.

### **2. Procurement Card (P-Card)**

The purpose of the Procurement Card Policy was to establish policies for the use and control of procurement cards. P-cards were assigned and utilized by designated City employees to purchase goods on behalf of the City or when authorized per this policy.

The Procurement Card Administrator and the Procurement Administrator were responsible for the implementation of the Procurement Card Program, training, and management. Policies and procedures and applicable forms were maintained and updated by the Program Administrator, as needed.

### **3. Contract Management**

Contract management included management of contracts and contract-related activities which may include accounting, administration, auditing, grants management, law, negotiation, logistics, price-structure compensation, delegation of purchasing authority, program management, termination and other business activities. Contract management was often handled by the affected department.

### **4. PeopleSoft**

When PeopleSoft was implemented in 2006, the contract module was purchased although the module was never implemented. The Acting Procurement Administrator had negotiated and was planning to coordinate implementation in 2017.

## **5. Feedback from Departments**

During our discussions with department heads, the common feedback presented was that, during the transition, a noticeable change in prompt and timely completion of contracts and purchase orders had occurred. Departments noted that the Acting Procurement Administrator had promptly responded to any and all requests or complaints, and took appropriate action with a sense of urgency expected by the various departments. Additionally, the department heads expressed a need for frequent conversations with Purchasing to continually adjust process and express concerns and review lessons learned.

### **C. Contract Administration:**

The Procurement Administrator had the role of administering of a contract to ensure the Contractor's total performance was in accordance with the contractual commitments and that the obligations of the Contractor under the terms and conditions of the contract were fulfilled. We noted that the City did not have centralized contract administration policies, and contract administration was not consistent.

#### **1. Centralized Contract Administration**

**Finding** – The City did not have centralized contract administration policies and procedures. The absence of centralized contract administration policies and procedures adversely impacted monitoring and enforcement of contractual requirements.

**NOTE:** This was a repeat finding originally presented in Performance Audit 087 – Public Procurement dated June 24, 2010.

**Recommendation** – The City should develop an Administrative Regulation as quickly as possible that addresses policies and procedures for contract administration.

**Response** – **The City's first Purchasing Policies and Procedures Manual is nearly complete and will be implemented in the very near future. Purchasing developed this manual with the help, cooperation and input from many departmental leaders and their staff.**

#### **2. Contract Administration Consistency**

**Finding** – Contract administration practices were not consistent.

**Recommendation** – Purchasing should consider methods of providing consistent and equal client service.

These steps should include:

- Holding frequent internal training;
- Conversing with end users on expectations;
- Reviewing contract template;

- Developing a process for independent verification of contracted work completed as compared to scope of work.

**Response – Purchasing has assigned a procurement specialist whose duties include maintaining and management of IDIQ contracts and contract renewal process. Up to date spreadsheets and management tools have been developed to accomplish this goal. Additionally, the implementation of PeopleSoft purchasing modules will automate this process.**

(Note: the full text of their response is included in the audit report.)

### 3. Contract File Control

**Finding – Control of issued contract files was inconsistent.**

**Recommendation – Purchasing should scan all issued contracts and addendums to digital and then make the digital contract files available for access by end user and interested parties.**

**Response – Purchasing has now required that all contract files are to be scanned as PDF files. Additionally, the original files are not allowed to leave the Purchasing Division office. A digital PDF copy will be sent to the requestor. Once the PeopleSoft module is implemented, all documents including but not limited to contracts, addendums, amendments, POs, requisitions, file notes and related emails will be digitally saved into the system. Purchasing hopes to go to an all-digital system in the near future.**

### 4. Vendor Verification

**Finding – The process for verifying suppliers (vendors) within PeopleSoft needed improvement.**

**Recommendation – Purchasing should develop a process for independent review and approval of vendors. The process should include periodic reviews of existing vendors.**

**Response – Purchasing is currently working with Department of Information and Technology and Finance to develop a secure process for vendor registration and verification. A new method with additional verification steps has been developed collaboratively and is being tested at this time.**

### 5. P-Card Requirements

**Finding – P-Card requirements needed to be updated.**

**Recommendation** – Purchasing, Finance, and the City Manager office should review AR 1.23 and make necessary changes.

These changes should include:

- Listing of disallowed purchases and exceptions;
- Process for recouping disallowed charges.

**Response** – Purchasing recognizes the need for consistency and accountability with the P-Card system. Two new procurement specialist have been selected to maintain, administer and monitor the process. They have just completed training by Bank of America. Additionally, the new Purchasing Policy and Procedures Manual includes a section that is dedicated to the P-Card policy. Purchasing is also currently working with the City Manager's Office to update all Administrative Regulations that are related to Purchasing.

## 6. Sealed Bid Control

**Finding** – The process for maintaining and control of sealed bids needed improvement.

**Recommendation** – Although the keys to the filing cabinet and date/time stamp machine were removed and the filing cabinet relocated, Purchasing should continue to improve the storage and documentation of sealed bids.

**Response** – Purchasing has been working to reconcile all files, including the receipt of sealed bids. The PeopleSoft module that Purchasing will be implementing includes an e-bidding component wherein the bidder will file electronically their bids and/or proposals. All documents will be in a digital format when submitted, and thus hopefully, lowering the possibility of human error in the handling of the bids. The e-bidding system will automatically timestamp the submittals, send a receipt to the bidder and also to the procurement specialist.

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## **Managerial Summary**

### **A. Objectives, Scope and Methodology**

We have completed our review of the Traffic and Drainage Pro Rata for January 1, 2016 – December 31, 2016. Our review was conducted for the purpose of evaluating pro rata practices in the City of Chesapeake (City) in all areas that received pro rata payments, any revenue related pro rata issues, and whether the City was complying with applicable department, city, state, and federal requirements and procedures related to pro rata procedures.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Pro rata was established by the Commonwealth of Virginia as a method to allow municipalities to have developers construct large water/sewer, and drainage, projects that benefited more than one development and share the cost with each subsequent developer. The City utilized pro rata for the construction of various water/sewer, drainage, and traffic projects within the City. As of September 30, 2016, the City held \$4,860,480 on deposit for drainage pro rata, and \$85,000 for traffic pro rata projects.

To conduct this audit, we reviewed and evaluated City and Department policies and procedures, and operations documents and reports, both internal and external, as well as State code. We also conducted interviews with various Public Works staff and conferred with the City Attorney's office.

### **Major Observations and Conclusions**

Based on our review, we determined that Drainage Pro Rata procedures were functioning as expected. However, we did identify some issues related to tracking the length of time deposits were kept, viability of certain basins, and missing reference to the twelve year refund period in the departmental regulations. Our review of Traffic Pro Rata determined that the program was not in compliance with State Code.

This report, in draft, was provided to the Public Works Department for review and response. Their comments have been considered in the preparation of this report. These comments have been included in the Managerial Summary, the

Audit Report, and Appendix A. Department management and staff were very helpful throughout the course of this audit. We appreciated their courtesy and cooperation on this assignment.

## **Methodology**

To conduct this audit, we reviewed and evaluated City policies and procedures, and operations documents and reports, both internal and external. We reviewed applicable City Ordinances and State Code. We also conducted interviews with various department staff. We observed various processes and records. We reviewed prior audits in Chesapeake and of other municipalities. We reviewed other municipalities oversight and control of pro rata. Finally, we reviewed data obtained from PeopleSoft.

## **B. Performance Information**

The Commonwealth of Virginia and City Ordinances allowed the City to establish water and sewer improvement and/or drainage improvement plans for areas having related and common water and sewer and/or drainage conditions and where improvements were constructed by an initial developer to serve the demands generated by subdivisions and developments within that area. Subsequent subdividers or developers whose projects were served by such improvements would be required as a condition of subdivision or development approval to pay their pro rata share of the cost of providing such improvement.

The pro rata drainage program was implemented in 1988 by Public Works. The pro rata program apportioned the cost of major infrastructure to the developers using the improvements. The intent was to encourage continued development in Chesapeake and equitably allocate those costs to the parties who received the benefit. For the pro rata drainage program, the City would develop a project once sufficient funds, generally over \$100,000, were available in the pro rata deposit account for the appropriate basin.

Traffic pro rata was used from approximately 1997 through 2014 and was subsequently discontinued after the completion of the Volvo Parkway and Independence intersection project. A total of \$85,000 remains on deposit. The pro rata sewer/water program was created in 1984 by Public Utilities and was noted in our FY 2016 audit.

## **C. Pro Rata Programs**

### **1. Drainage Pro Rata**

**Finding** - The City's pro rata drainage program had multiple pro rata deposits in drainage basins that may not be viable for future projects. The basins were located mainly in areas of the City that had already been developed making further

development unlikely. There was no method in Public Works to track the length of time deposits had been received and not used. There was also no mention in Public Works Departmental Regulation 906 that drainage pro rata could only be kept for twelve years.

**Recommendation** – Public Works should set up an “aging schedule” or other method to track the length of time that pro rata deposits have been held by the City and review each basin to determine if there are any deposits that have been held for more than twelve years. If any such deposits are found, Public Works should work with the City Attorney’s Office to determine what should be done with those deposits. The City may also wish to evaluate the future of the program in more fully developed areas or the possibility of funding stormwater quality retrofits in those areas.

**Response - Public Works believes the drainage pro-rata program to be a very effective method of mitigating the impacts of new development on the existing drainage system and providing a pro-rata contribution to the costs of developing improved drainage infrastructure to support the development and surrounding area. Comprehensive engineering drainage studies (Master Drainage) identify the ultimate drainage system configuration at city build-out in accordance with the approved City land use plan, these calculations are detailed in the Public Facilities Manual.**

**We concur that Public Works regulations outlining the program require updating to clearly show the 12 year limit and the process for reimbursing development as appropriate. Public Works, as we have done regularly in the past, will soon present a significant budget action to City Council to program additional projects to utilize drainage pro-rata funds and to reimburse the general fund and stormwater utility in order to maximize the use of the pro-rata contributions and ensure that few funds lapse under the 12 year limit. As part of our quarterly review we will continue to identify projects and reimbursements as additional pro-rata funds are received.**

**(Note: the full text of their response is included in the audit report.)**

## **2. Traffic Fee Pro Rata**

**Finding** - The City continued to carry pro rata traffic fees on the general ledger even though it was not authorized to collect those fees, and Public Works maintained a policy for Pro Rata Traffic Fees even though the City was not authorized to collect them.

**Recommendation** – The City should remove the pro rata traffic fees from the general ledger, and Public Works should rescind its policy for Pro Rata Traffic Fees.

**Response** – This Audit report has conflated several items into one category “Traffic Pro-rata,” when really there has been three different types as

**follows:**

- 1. Voluntary Road Cash proffers.**
- 2. Proffered traffic signal contributions, sometimes called pro-rata because it is a proportionate share, as part of a conditional rezoning.**
- 3. We did have an older requirement for traffic signal pro-rata for site development that was going through code compliance review. This program was not consistent with state code and had been discontinued many years ago.**

**We concur that the Public Facility Manual (PFM) Chapter 16 “Access Management” and Public Works Regulation 906 “Pro-Rata Fees” require updating to clarify these distinctions. During the last round of PFM updates in November of 2016, we removed the traffic pro-rata section from chapter 16 but we were contemplating making additional changes to this chapter and neglected to send out this chapter at that time. The revised chapter has now been posted for public comment. Public Works regulations will be updated to distinguish between voluntary cash proffers for road improvements and individually proffered contributions for traffic signals and clarify that the account is for “Traffic Signal/Improvements Cash Proffers” rather than “Traffic Signal Pro-rata”.**

## **A. SUMMARY**

### **AUDITS IN PROGRESS, TECHNICAL ASSISTANCE & TRAINING**

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## **AUDITS IN PROGRESS, TECHNICAL ASSISTANCE, & TRAINING**

### **Technical Assistance Projects**

Munis/Kronos – We are continuing to provide advice related to Munis and Kronos systems

I/T Modernization - We have provided advice on the City's IT Modernization project.

PeopleSoft 9.2 Upgrade - We provided advice on the PeopleSoft 9.2 upgrade

ECC – Two members of Audit Services have participated in Employee Communications Committee

Customer Service – We have attended meetings and provided feedback on the City's U-Care/Customer Service initiative

Public Procurement Task Force Committee – We attend meetings to act as a conduit between Purchasing and Finance and advice on the improvements in procurement processes.

Audit Follow-Up – City Auditor conducted follow-ups on various open audit items.

Payroll Changes – We are continuing to provide advice in the development of potential payroll cycle changes for City employees.

Fleet Utilization – We have attended meetings and provided assistance on the City's Fleet Utilization Project.

I/T Accela (eBuild) – Reviewed information on costs associated with Accela program implementation.

I/T Steering Committee – Attend meetings to provide feedback on external consultants (Gardner) for the Information Technology department.

Cluster Management Group (and Process Improvement Committee) – Provide assistance to Executive management on the City's strategic plan

## **Training & Other**

### **July 2016**

Training - Staff completed various on-line continuing education exercises. The department attended the CB all day seminar and some members attended the IIA Leadership Training District Workshop.

### **August 2016**

Training –Staff participated in on-line continuing education courses. Members attended ACFE//IIA Joint Summer Meeting

### **September 2016**

Training –. One staff member attended the 2016 Annual Accounting and Auditing Day and 2016 Ethics for VA Registered CPA. The entire team attended the VLGAA Fall Conference. Staff completed various on-line continuing education exercises.

### **October 2016**

Training – The team attended VLGAA Fall Conference Staff attended the IIA Mid-Atlantic Conference and another attended the Virginia Society of Certified Public Accountants' Specialized Knowledge Day. Staff completed various on-line continuing education exercises.

### **November 2016**

Training – Staff attended IIA/ACFE Fraud Day training; and others participated in web based training. One team member attended the 2016 Tax Day.

### **December 2016**

Training –Staff completed various on-line continuing education exercises and some attended the 2016 Annual Update and Tax Luncheon.

### **January 2017**

Training – Staff completed various on-line continuing education exercises.

## **February 2017**

Training – Staff completed various on-line continuing education exercises.

## **March 2017**

Training – Team members participated in various webinars for continuing education. One member attended the CAE Director Roundtable. One team member participated in the I/T Day Training Day.

## **April 2017**

Training – The entire team attended the two day 2017 Annual Williamsburg Fraud Conference and completed various continuing education courses.

## **May 2017**

Training – The entire team attended the VLGAA 2017 Spring Conference.

## **June 2017**

Training – The entire team attended the Cherry Bekaert Annual Seminar. One team member attended the ACFE Global Fraud Conference; and members participated in various webinars for continuing education.

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## **C. FRAUD HOTLINE**

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## **FRAUD, WASTE, AND ABUSE HOTLINE REPORT**

During Fiscal Year 2017 we received 4 complaints through the City's Fraud, Waste, and Abuse Hotline (Hotline). The Hotline was created by the City in Fiscal Year 2006 utilizing the City's Customer Contact Center and its 382-CITY telephone number. In July of 2006, a State Law took effect that required the City Auditor to authenticate (i.e., evaluate the validity of) all complaints received on the Hotline and provide an annual report on the status of complaints received to the City Council. These complaints were as follows:

Compliant #1 – This complaint concerned allegations at residential care facility which was subject to State requirements. Therefore, the matter was referred to the State.

Complaint #2 – This complaint was related to debris removal in a private development. It was authenticated and referred to Development and Permits for resolution.

Compliant #3 – This complaint was related to incorrect time record completion. It was authenticated and referred to the affected department and Finance for correction.

Complaint #4 – This complaint was related to debris removal in a private development. It was authenticated and referred to Development and Permits for resolution.

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**E. SUMMARY**

**TIME (HOURS) EXPENDED**

**JULY 1, 2016 TO June 30, 2017**

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**YEAR TO DATE SUMMARY REPORT  
JULY 1, 2016 - JUNE 30, 2017**

**A. TIME (HRS) EXPENDED DURING FY 17 - COMPLETED PROJECTS**

**1. Audits & Analytical Reviews:**

Information Technology – Report	255.50
Public Utilities – Report	201.00
Special – Overtime – Report	12.00
Special – Grants – Report	22.00
Development & Permits Department - Administration	9.00
Development & Permits Department – Planning	525.50
Development & Permits Department – Testwork	443.50
Development & Permits Department - Report	275.00
Libraries - Administration	75.00
Libraries - Planning	398.50
Libraries - Testwork	874.00
Libraries - Report	205.75
Special - Procurement Transition– Administration	34.50
Special - Procurement Transition – Planning	249.50
Special - Procurement Transition -Testwork	145.50
Special – Procurement Transition - Report	204.50
Special – Pro Rata - Administration	32.00
Special – Pro Rata – Planning	49.00
Special – Pro Rata – Testwork	67.50
Special – Pro Rata - Report	200.50
Special - City Clerk Revenues – Administration	40.00
Special - City Clerk Revenues – Planning	24.00
Special - City Clerk Revenues - Testwork	240.00
Special - City Clerk Revenues - Report	73.50

**Total Hours Audits & Analytical Reviews** **4,657.25**

**2. Technical Assistance:**

Fraud Hotline	8.00
Public Procurement Taskforce Committee	6.00
Other/IT Modernization	0.00

**Total Hours Technical Assistance** **14.00**

**Total Hours – Completed Projects** **4,671.25**

## Time (HRS) Expended During FY 17 - Projects in Progress

### 1. Audits & Analytical Reviews:

<b>Total Audits &amp; Analytical Reviews in Progress</b>	<b>0.00</b>
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### 2. Technical Assistance:

Munis & Kronos Steering Committee	1.00
Computer Modernization	0.00
PeopleSoft 9.2	14.50
ECC	12.00
Audit Follow-Up	14.00
Payroll Changes	24.50
Technical Assistance	2.00
Fleet Utilization	0.00

<b>Total Technical Assistance in Progress</b>	<b>68.00</b>
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### 3. Other:

Administrative	3,924.50
Holiday	717.50
Leave – Annual	762.25
Leave – Sick	470.25
Leave – OT	2.00
Meetings	175.00
Miscellaneous	284.50
Professional Organizations	584.50
Training	509.50

Total Other in Progress	7,430.00
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<b>Total Hours for Projects in Progress</b>	<b><u>7,498.00</u></b>
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<b>Total Hours (Completed Projects + Projects in Progress)</b>	<b><u>12,169.25</u></b>
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