Chesapeake VIRGINIA

AUDIT SERVICES DEPARTMENT

ANNUAL STATUS REPORT

JULY 1, 2013 THROUGH JUNE 30, 2014

DATE OF PREPARATION: OCTOBER 31, 2014

October 31, 2014

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:

Enclosed is the Audit Services Department's <u>Annual Status Report</u> for the period July 1, 2013 to June 30, 2014. The following is a summary of some of the report's highlights.

A. <u>Completed Projects</u>

1. <u>Audits and Analytical Reviews</u>

We completed performance audits of the Police Department, the Sheriff's Office, and a special citywide audit of the Kronos/Munis payroll system. These audits were conducted for the purpose of determining whether they were providing services in an economical, efficient, and effective manner, whether the goals and objectives were being achieved, and whether they were complying with applicable City and Departmental procedures. We also completed a follow up review on audit reports issued in FY 2013 and earlier. The actual managerial summaries including specific findings, recommendations, and responses, are detailed within this report.

2. <u>Technical Assistance</u>

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 and Public Utility Billing System. We also completed eight fraud hotline investigations.

3. <u>Projects in Progress</u>

At year-end, we were continuing performance audits of the Fire Department, Chesapeake Integrated Behavior Health and Citywide Capital Projects Practices. Currently, we continue to provide ongoing technical assistance on projects related to the City's Human Resources Information System and Public Utilities Billing System implementations.

Sincerely,

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, 2013 TO June 30, 2014

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A. SUMMARY

AUDITS & ANALYTICAL REVIEWS

January 31, 2014

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 Library, Public Procurement, and Central Fleet for Fiscal Year 2013. These prior year audits were selected to evaluate the status of recommendations that had not been fully implemented. The reviews were conducted in September 2013. The status of eight open recommendations from these reports was as follows:

2	had been implemented
2	were in the process of being implemented
1	were planned but not yet implemented
1	were partially implemented
2	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

FOLLOW-UP REVIEW

LIBRARY

SPECIAL AUDIT

REPORT ISSUE DATE: JUNE 2010

FOLLOW-UP REVIEW DATE: SEPTEMBER 2013

CITY OF CHESAPEAKE, VIRGINIA
AUDIT SERVICES DEPARTMENT

January 31, 2014

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 Central Library. The review was conducted in September 2013. As of that date, the status of the report's three open recommendations was as follows:

____	had been implemented
____	were in the process of being implemented
2	was planned but not yet implemented
1	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

FOLLOW-UP REPORT

PUBLIC LIBRARY
PERFORMANCE AUDIT

September 2013

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E2. Condition of Library Facilities

Finding – The Library's building facilities had a number of unresolved maintenance requests, and there was no centralized system to monitor the status and frequency of service requests.

Recommendation – The Library should work with Facilities Management to 1) complete open maintenance requests and 2) develop a more efficient centralized internal maintenance request system that could summarize maintenance requests and provide follow-up information in a timely fashion.

Response – The Library will work with General Services to develop a comprehensive long-range facilities maintenance plan for the system. The plan will also include a replacement cycle for furniture, wall coverings, painting, upholstery, carpet, and other needed renovations on an ongoing basis. The Library facilities, with almost two million visits per year, must have a designated budget and replacement cycle for the interiors that coincides to the life cycle of the item.

2011 Status- This recommendation has not yet been implemented. The Library is still in the process of working with Facilities Management in order to implement a more efficient centralized maintenance request system for repairs, maintenance and follow-up.

2012 Status – This recommendation has been partially implemented. The Library was planning to utilize Proffer funding to for items related to technology upgrades. It had originally hoped to utilize these funds for other maintenance projects such as power washing of buildings, cleaning of carpets, and future termite infestation control. The Library is continuing to work with Facilities Maintenance order to implement a more efficient centralized maintenance request system for routine maintenance items, as well as identify a long- term funding source for them.

2013 Status – The improvements needed to the Library's technology infrastructure were partially funded through the City's Capital Improvement Budget by using Proffer funds. Unfortunately there was insufficient funding to cover the cost of all upgrades needed. It is the plan of Library Administration to request additional funding in the current budget year to cover the cost of the remaining unfunded upgrades needed. The Library will also be incorporating requests to fund future upgrades that are critical to the maintenance and evolution of the Library's technology needs.   In the FY 2013/14 Operating Budget, the Library received $75,000 to cover routine maintenance of Library facilities. It is the Library's plan to continue to request funding in future Operating Budgets for routine maintenance of Library facilities.

F1. System Security Procedures

Finding – Security procedures and system access and software controls related to information technology needed to be enhanced. In addition, the Library IT staff was not adequately trained to extract data from the library's automated systems and was not provided with a test environment to manipulate data outside the production environment.

Recommendation – The Library should take steps to enhance its security procedures and system access and software controls related to information technology operations.

Response - The IS Department maintains innovative, current, secure, efficient, and cost effective technology that keeps the Chesapeake Library System in the forefront of library technology. Our technology stands a cut above our contemporaries in the Hampton Roads area. CPL was the first Library to introduce Wi-Fi to our patrons, content filtering as required by law, fully compliant RFID self-checkout, PC reservation and print management.

2011 Status- This recommendation has been partially implemented. The Library has worked with the Information Technology Department in implementing and updating the department's systems. They are working with the IT Department to establish a separate energy source or generator for the main server which they do not currently have.

2012 Status – This recommendation has been partially implemented. The RFID system is working as designed. However, the Library is attempting to obtain a backup generator for the main server. The Library had not received it as of January 2013.

2013 Status – This recommendation has been partially implemented. The RFID system is working as designed. However, the Library is attempting to obtain a backup generator for the main server. The Library is planning to request funding for back-up server solutions as part of their FY 2015 budget process.

H1. Inventory Spot Checks

Finding – The Library did not have a formalized process for spot checking inventories, and was not optimizing its use of RFID scanners and labels.

Recommendation – The Library should develop a more formalized process for spot checking inventories, and should explore methods of optimizing its use of the RFID scanners.

Response – During the past year the Library implemented the new RFID system, tagged over half a million items, and implemented self-check. The self-check has been enormously successful with a current 95 percent use rate. The savings in staff time has allowed the Library to keep pace with the large increases in use over the past year with a reduced staff. The Library is excited and intrigued by the possibilities of inventory management that RFID offers, but has not yet had time to pursue. We look forward to the opportunity to fully explore the options mentioned by the Auditor, as well as other possible applications.

2011 Status- This recommendation has not been fully implemented. The RFID system has been implemented however, it is not working as needed. The Library is outsourcing the cataloging feature, and they have also implemented a centralized buying system which helps them identify and purge older books that have not been requested within the past two years, allowing them to bring in a newer updated genre of books.

2012 Status – This recommendation has been implemented. The RFID system is working as designed. Purchased materials are received wrapped with the RFID labels and discs detailing the items are included, which allows the Library to efficiently add newly acquired materials to their inventory.   The Library utilizes the RFID system as a deterrent to theft and is looking to add cameras for additional security of inventory.

2013 Status – This recommendation has not yet been implemented. In June of 2013, the City received a fraud hotline complaint from a patron who indicated they had returned an item which had not been recorded in the Library's inventory. As a result, the Library is planning to request funding for an automated sorting system in the FY 2015 budget process.

FOLLOW-UP REVIEW

PUBLIC PROCUREMENT

PERFORMANCE AUDIT

REPORT ISSUE DATE: JUNE 2010

FOLLOW-UP REVIEW DATE: SEPTEMBER 2013

CITY OF CHESAPEAKE, VIRGINIA
AUDIT SERVICES DEPARTMENT

January 31, 2014

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 Procurement. The review was conducted in September 2013. As of that date, the status of the report's four open recommendations was as follows:

1	had been implemented
2	was in the process of being implemented
1	were planned but not yet implemented
	was 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 REPORT

**PUBLIC PROCUREMENT
PERFORMANCE AUDIT**

September 2013

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C4. Contract Administration Policies and Procedures

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.

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

Response - Purchasing will develop an Administrative Regulation describing the policies and procedures for contract administration.

2011 Status- This recommendation is in the process of being implemented. Public Procurement is developing an Administrative Regulation that describes the policies and procedures for contract administration. They anticipate that it will be completed by January 2012.

2012 Status – This recommendation has not yet been implemented. Public Procurement has recently promoted a Procurement Supervisor to assist with contract administration and other workload issues as well as and oversight of the office. However, the uncertain organizational status of Public Procurement has hindered progress.

2013 Status – This recommendation is in the process of being implemented. Public Procurement began conducting interviews for a Contract Specialist in September that will be responsible for documenting contract administration policies and procedures and developing the administrative regulation.

D1. Changes in Management Oversight

Finding - Beginning in 2001, City Management transferred Public Procurement's line of reporting from the City Manager's Office to the Finance Department and then later to the General Services Department. These transfers adversely impacted oversight of the City's procurement processes.

Recommendation - The City should strongly consider returning Public Procurement to full department level status to promote stability in its oversight as well as enhance the authority and independence of the function.

Response - The Purchasing Division has reported directly to the Deputy City Manager for Administration and Finance since April 2009. This has the effect of providing high-level consistent oversight of the Division. In addition, in April 2010, the Procurement Administrator was added to the list of those attending monthly Management Meetings which include all department heads.

2011 Status- This process is in the process of being implemented. Public Procurement is now a stand-alone department and the Procurement Administrator's position is in the process of being reclassified.

2012 Status – This recommendation has not yet been implemented. While Public Procurement continues to function as a stand-alone entity, it has not yet been given full departmental status. The uncertainty has had an adverse impact on the function's ability to carry out its assigned responsibilities.

2013 Status – This recommendation has not yet been implemented. Public Procurement continues to function as a stand-alone entity; it has not yet been given full departmental status. The uncertainty continues to have an adverse impact on the function's ability to carry out its assigned responsibilities.

D2.   Purchase Order Creation and Management

Finding: Public Procurement lacked procedures that instructed users how to properly create purchase orders, especially multi-year purchase orders. The lack of procedures led to inappropriate use of non-PO vouchers, as well as difficulties in closing out purchase orders at year-end for financial reporting purposes.

Recommendation - Public Procurement should develop procedures that instruct users on proper creation and management of purchase orders within the PeopleSoft system.

Response - Purchasing will develop an Administrative Regulation on procedures that will instruct users on proper creation and management of purchase orders within the PeopleSoft system. These procedures will also consist of close-out of purchase orders at year-end.

2011 Status- This recommendation is in the process of being implemented. Public Procurement is developing an Administrative Regulation that describes the policies and procedures for properly creating purchase orders, including multi-year purchase orders. They anticipate that it will be completed by January 2012.

2012 Status - This recommendation has not yet been implemented. Public Procurement has recently promoted a Procurement Supervisor to assist with contract administration and other workload issues as well as and oversight of the office. However, the uncertain organizational status of Public Procurement has hindered progress.

2013 Status - This recommendation is in the process of being implemented. Public Procurement began conducting interviews for a Contract Specialist in September that will be responsible for documenting contract administration policies and procedures and developing the administrative regulation.

D3. Conflict of Interest Procedure

Finding - Public Procurement did not have any written policies and procedures that defined and emphasized the need to avoid conflicts-of-interest**.**

Recommendation - Public Procurement should develop policies and procedures that address the need to avoid conflicts-of-interest.

Response - All staff members will be required to sign an Ethics in Public Contracting Employee Agreement in accordance with the Virginia Public Procurement Act stating that they fully understand and agree to comply with the provisions of the policy and that violation of this policy will be subject to disciplinary action, up to and including termination.

2011 Status- This recommendation is in the process of being implemented. Written policies and procedures concerning avoiding conflicts of interests will be included in the manual that is expected to be completed January 2012. It will require each employee to read and sign an Ethics in Public Contracting Employee Agreement in accordance with the Virginia Public Procurement Act.

2012 Status - This recommendation is still in the process of being implemented. This information will be included in the policies and procedures manual upon its completion.

2013 Status - This recommendation has been implemented. The Procurement department has developed a Non-Disclosure-Conflict of Interest Evaluation Committee Member Agreement form for use in all of their contracts prior to being added to the panel for each RFP.

FOLLOW-UP REVIEW

CENTRAL FLEET

SPECIAL AUDIT

REPORT ISSUE DATE: MARCH 2011

FOLLOW-UP REVIEW DATE: JANUARY 2014

CITY OF CHESAPEAKE, VIRGINIA
AUDIT SERVICES DEPARTMENT

Chesapeake
VIRGINIA

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

January 31, 2014

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 Central Fleet. The review was conducted in January 2014. As of that date, the status of the report's one open recommendation was as follows:

    <u> 1 </u> had been implemented
    <u>   </u> was in the process of being implemented
    <u>   </u> was planned but not yet implemented
    <u>   </u> was partially implemented
    <u>   </u> had not been implemented
    <u>   </u> will not be implemented
    <u>   </u> 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

FOLLOW-UP REPORT

**CENTRAL FLEET
PERFORMANCE AUDIT**

January 2014

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C. Work Flow and Fuel Control Issues

2. Fuel Inventory Control

Finding - Although Central Fleet accumulated the data necessary for a perpetual inventory of gasoline and diesel fuel, fuel inventory reconciliations were only being performed annually. Additionally, the levels of diesel and gasoline fuel inventory were inaccurate because the methods of measuring fuel were inaccurate.

Recommendation - Central Fleet should perform more frequent reconciliations of fuel inventory based on the EPA requirements. Additionally, it should ensure the methods of measuring the actual fuel inventory are accurate.

Response - Central Fleet Management agrees with the findings. There is no local, state, or federal requirement for non-commercial fuel sites to calibrate their equipment. However, it does make good business sense to accurately track fuel distribution. CFM will explore the costs associated with regularly calibrating the fuel pumps and TLS systems and determine if it is cost effective. Central Fleet's fuel reconciliations will be moved up from annual inventory checks to quarterly inventory checks with the eventual goal of performing fuel reconciliations monthly. Spreadsheets of the fuel inventories and journal entries accounting for differences will be maintained electronically on the garage servers.

CFM's cost to repair the unreadable totalizers on four fuel pumps is $1,000. Additionally, the cost to calibrate the fuel pumps at all fueling sites is $2,500. This cost does not include fees to adjust pumps out of calibration. Additional fees would depend upon the reasons for pumps being out of calibration.

2012 Status -   This recommendation is in the process of being implemented. All pumps have been analyzed, and Central Fleet has replaced five pumps and identified ten other pumps that have issues that are being addressed. The pumps are under a five year contract for replacement, predicated on funding. Central Fleet now performs calibrations of random pumps on a monthly basis.   Information Technology will be installing Netcards which will automate the reading of fuel. The new calibration system is in test phase at the central garage and should be installed at all locations in the first quarter of 2013. All data lines will be scheduled to be removed thereafter.

2013 Status – This recommendation has been implemented. All pumps have been calibrated with errors corrected. All old dispensers/pumps have been replaced with new ones and the pumps were checked for calibration. Yearly calibration will occur in the fall. The fuel reading process has been automated through a wireless connection.

City of Chesapeake   Police Department
Audit Services   Performance Audit
August 29, 2014   July 1, 2013 to June 30, 2014

Managerial Summary

A. Objectives, Scope, and Methodology

We have completed our review of the City of Chesapeake Police Department (Department) for the period July 1, 2013 to June 30, 2014. 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 departmental policies and procedures related to cash handling, procurement, safety, contractual services and inventory. Other areas included evidence handling and animal control.

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 both essential and non-essential services for the City and its' residents. Its' primary services included enforcement of existing laws, testifying in court, responding to citizen concerns, transportation of apprehended individuals, animal services, and the promotion of crime prevention techniques and behaviors.

For Fiscal Year (FY) 2013-14, the Department had an operating budget of nearly $46.4 million. The Department had five precincts strategically located in the City with its administration and command offices located on Albemarle Drive in the Great Bridge section of the City.   The Department was also responsible for the Emergency Communication Center (911), Animal Services, and operation of the City's pound.

To conduct this audit, we reviewed and evaluated City and Department policies, procedures, operations documents, and reports, both internal and external. We also conducted extensive site visits to obtain a general understanding of various departmental processes. We discussed these audit areas and conducted interviews with departmental management and various other personnel.

Major Observations and Conclusions

Based on our review, we determined the Department had accomplished its overall mission of providing a variety of services that were critical to the operations of the City. However, we did identify several areas where Departmental procedures could be enhanced. Those areas included monitoring and tracking of evidence, drug handling, occupational health and safety, animal services, and cash, revenue and accounts payable.

This report, in draft, was provided to Department 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. The Department concurred with most of the report's recommendations and has either implemented or begun the process of implementing many of them. The Department'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 Police Department has grown from its early days when it was just several small local entities to a department in a sprawling city with 353 square miles, over 230,000 people, and environs ranging from airports and industrial sites to swamps. The Department's core mission was "In partnership with the community, promote a safe city through prevention of crime and enforcement of laws." The Department met its operational goals by having 5 Precincts and over 548 well trained and highly qualified police officers, dispatchers, and other professionals. In addition, the Department was responsible for responding to over 123,300 emergency calls during Calendar Year 2012. Further, Chesapeake citizens responding to a citywide services telephone survey conducted by Continental Research Associates, ranked the Police Department services as number two, behind only the Fire Department, in both Importance and customer satisfaction to citizens.

In 2011, the Department began pursuit of accreditation by the Commission on Accreditation for Law Enforcement Agencies, Inc. (CALEA). CALEA was the only internationally recognized public safety accrediting body. The goals of CALEA were to:
- Strengthen crime prevention and control capabilities;
- Formalize essential management procedures;
- Establish fair and nondiscriminatory personnel practices;
- Improve service delivery;
- Solidify interagency cooperation and coordination; and
- Increase community and staff confidence in the agency.

The accreditation was formalized during the CALEA annual conference in July 2014. At that time, the Department received a three year letter of accreditation. The Department became only the second South Hampton Roads police force accredited through CALEA (several others had have started the process). After three years, the Department must submit to another on-site assessment.

C. Property and Evidence Unit

Our review of the Department's Property and Evidence (P/E) unit identified a number of issues and control deficiencies that had not been addressed as well as practices that could be enhanced. These issues included the reporting structure for the Property and Evidence and Drug Evidence Management Units, data Integrity, Deposit processing, and access controls.

1. Reporting Structure

Finding – The Property and Evidence and Drug Evidence Management Units reported to the Criminal Investigative Division, which could be perceived as a possible conflict of interest.

Recommendation – The Department should consider revising the reporting structure for Property and Evidence and the Drug Evidence Management Units.

Response - An organizational restructuring has taken place and the Property and Evidence Unit is now separate from patrol and investigation functions *(See Department Organization Chart dated May 01, 2014).

With respect to the Drug Evidence Management Unit not having any job responsibilities related to the investigation functions, that recommendation is being reviewed further for possible implementation.

2. Data Integrity

Finding – The integrity of the data maintained in the Tiburon automated property management system was unreliable. In addition, techniques for performing inventory audits could be enhanced.

Recommendation – The Department should take steps to correct the inaccuracies in system data. In addition, we suggest that the audits for cash, guns and drugs be performed on a quarterly basis.

Response - Some data inaccuracies are the result of the Tiburon software. The Tiburon software has not performed as advertised by the manufacturer and has proven to be both cumbersome to use and inadequate in generating reports.However, quarterly inspections are being conducted to verify the presence of evidence; specifically, cash, drugs and weapons.

3.   Deposit Processing

Finding – The P/E unit had deficiencies in its deposit process that could be improved. In addition, Standard Operating Procedure (SOP) 11.7.6, Cash Handling and Deposit Procedures could be updated to include bank deposit verification.

Recommendation – The deposit process should be improved, and the SOP for Cash Handling and Deposit procedures updated to include deposit preparation.

Response - The Property and Evidence Unit's Standard Operating Procedure (SOP) which pertains to Cash Handling and Deposit Procedures has been updated to implement the recommendations described above.

4.   Access Controls

Finding – The access controls and security within the P/E Unit facility could be enhanced to ensure proper safeguarding of assets.

Recommendation – Access controls and security should be improved in the P/E facility to ensure employee safety and the safeguarding of P/E assets.

Response - This facility has security features that prevent access by those who do not have the proper credentials. However, the security system and accompanying video surveillance is being upgraded.

D. Drug Evidence Management Unit

Our review of the Police Department's Drug Evidence Management Unit identified a need for proper segregation of duties. Also, drugs that were ready for destruction were not being weighed.

1.   Segregation of Duties

Finding – Segregation of duties in the Drug Evidence Management Unit was not adequate.

Recommendation – The Department should establish adequate segregation of duties in the Drug Evidence Management Unit.

Response - With respect to the segregation of duties in the Drug Evidence Management Unit the recommendation is being reviewed further for possible implementation. With respect to personnel being cross-trained so that there is adequate backup in the event of an emergency, that recommendation has already been implemented with the addition of adding a second detective to the Drug Evidence Management Unit.

2.   Drug Destruction

Finding – The drug destruction process did not include the weighing of drugs prior to destruction.

Recommendation – All drugs should be weighed before they are destroyed.

Response - A Standard Operating Procedure (SOP) is being finalized to address the weighing of drugs prior to destruction.

E. Occupational Health and Safety

The Police Department's had a number of occupational health and safety issues and practices that could be enhanced. These issues included the Department's Voluntary Wellness Program, accidents, workers compensation drug testing and safety.

1.   Voluntary Wellness Program

Finding – There was no requirement that sworn officers maintain a certain level of fitness, and the Department had not sufficiently incentivized sworn officers to participate in its Voluntary Wellness Program.

Recommendation – The Department should reestablish and implement a fitness and wellness program for sworn officers and encourage all officers to participate in the program. In addition, the City should develop an Administrative Regulation that authorizes the use of incentives to encourage employees to actively participate in a wellness program.

Response - The Police Department supports the reestablishment and implementation of a fitness and wellness program for sworn officers and the encouragement all officers to participate in the program.

2.   **Workers Compensation Costs**

Finding – The Police Department's injury-related workers compensation costs were a significant portion of the City's overall worker's compensation claims. At least some of these claims appeared to be related to physical activity.

Recommendation – The Police Department should reinstate their incentive program and consider developing additional policies to help mitigate their injury related workers compensation costs.

Response - The Police Department supports the reestablishment and implementation of a fitness and wellness program for sworn officers and the encouragement all officers to participate in the program. Moreover, officer safety can be enhanced through a wellness and fitness program. The City's Department of Human Resources is currently exploring an employee wellness program.

3.   **Police Vehicle Accidents**

Finding – The number of Police vehicle accidents increased from 2011 to 2013, resulting in a corresponding increase in repair costs.

Recommendation – The Department should evaluate its the accident review and training process with an eye towards making improvements that reverse the trend of increasing accidents and costs.

Response - The Police Department has instituted a monthly review process of all accidents by the Bureau and Section Commanders. The compilation of data and analysis of causes now takes place on a monthly basis. Police personnel who are found to be "at fault" in motor vehicle accidents are disciplined based upon the severity of the incident and the frequency of these events based upon their personnel records. Discipline may also include remedial training. Additionally, police personnel driving records are reviewed annually.

4.   **Substance Abuse Policy**

Finding – The City's Substance Abuse Policy, Administrative Regulation (AR) 2.44, did not require police officers who were involved in an accident with a City vehicle to take a drug and alcohol test.

Recommendation – The Police Department should collaborate with Risk Management to update the Substance Abuse Policy so that police officers are require to take a drug and alcohol test when accidents occur with a City vehicle.

Response - The Police Department is currently working with the City's Risk Manager, Jeff Rodarmel, in developing recommended changes to the City's Substance Abuse Policy to address the issue of drug and alcohol testing.

5.   Safety

Finding – The Police Department did not comply with safety requirements related to eyewash stations.

Recommendation – The Department should take steps to ensure that it complies with safety requirements related to eyewash stations.

Response: The Police Department has instituted an inspection requirement for the eyewash stations within its buildings to ensure that they are fully compliant.

F. Animal Control:

In reviewing the Department's Animal Control Unit, we identified several areas where procedures could be enhanced. These areas included quality of data on the Visibility automated system, physical security, physical condition of the facility, and caretaker staffing levels.

1.   Quality Control

Finding – Chesapeake's Animal Services (CAS) did not have an effective quality control program for its animal shelter software data.

Recommendation – CAS should develop a quality control program that includes a daily reconciliation routine for daily transactions and a frequently scheduled review of the accuracy of data entered into Visibility.

Response -   The Police Department concurs with the recommendation and is currently working on the development of an improved quality control program which includes the acquisition of improved computer software.

2.   **Physical Security**

Finding – Physical security at CAS could be enhanced.

Recommendation – The Department should consider enhancing physical security at the CAS facility

Response – (The Police Department either concurred with or has already begun implementing most of the recommendations in this area, with one exception. The full text of their responses is include in the body of the audit report).

3. <u>**Building Deficiencies**</u>

Finding – The Chesapeake's Animal Services (CAS) shelter building had several construction-related physical deficiencies.

Recommendation – The Department should continue to work with Public Works to remediate any outstanding construction deficiencies.

Response: The City intends to complete the Animal Services Facility using funds from retainage on the terminated construction contract, any recovery from counterclaims filed against the terminated contactor who initiated lawsuits, and/or claims made of the contractor's surety pursuant to the performance and defect bond. A meeting with representatives from the surety company is scheduled later this week.

4. <u>**Animal Caretakers**</u>

Finding – Chesapeake Animal Services unit did not have sufficient number of animal caretakers.

Recommendation – The Police Department should analyze animal volume rates, average daily animal population, caretaker training time, and any other factors to provide evidence for increased caretaker staffing in future budget negotiations.

Response - The Police Department is currently in the process of analyzing animal volume rates, average daily animal population, caretaker training time, and other factors to provide information for increased caretaker staffing in future budget submissions.

G. <u>Cash, Revenue, and Accounts Payable Issues</u>

We identified several potential internal control enhancements related to the Department's financial activities. These enhancements were related to the cash handling, deferred revenues, Non-PO vouchers, and vendor invoices.

1. **Cash Handling and Settlement Processing**

Finding – The Department's cash handling and settlement processes could be improved, and controls and safeguards over cash could be enhanced.

Recommendation – The Department should develop and document cash handling and cash settlement process policies and procedures so that cash is adequately safeguarded. In addition, the Department should develop an ongoing monitoring process to ensure adherence to cash handing and cash control procedures.

Response: The Police Department currently has a department-wide Cash Handling Guideline Standard Operating Procedures for each Unit that handles cash. These documents will be reviewed and updated to reflect changes made to improve internal control processes, to include a daily cash settlement procedure as required for each unit. (Note: The full text of the Police Department response is included in the body of the audit report.)

2. **Deferred Revenue Account**

Finding – The Deferred Revenue general ledger (G/L) account (# 1222204000) had a net out of balance condition in the amount of $128,807.49. In addition, the G/L account was not being reconciled each month and documentation was not being forwarded to the City's Finance Department each quarter as required. Also, funds for unclaimed assets and drug-related seized assets were being intermingled.

Recommendation – The Deferred Revenue subsidiary record should be reconciled to the General Ledger (G/L) Deferred Revenue account each month and that quarterly reconcilements and supporting documentation be forwarded to the Finance Department. In addition, funds for unclaimed assets and seized asset should be processed into separate G/L accounts.

Response: Recommendations Implemented:
*   **The Deferred revenue subsidiary record is reconciled to the General Ledger monthly and a report is provided to Finance.**
*   **New subsidiary and GL accounts have been established and are being used effective 6/1/14. 1222700007: OCL-Police unclaimed, collections that are not drug related, found monies, etc.   COID: 40560, subsidiary – Unclaimed Transactions. 1222700008:   OCL-Seized Assets – drug related seizures COID: 40561, subsidiary – Seized Asset Transactions.**
*   **Reconciliation is underway for the deferred revenue account. Reconciliation of the subsidiary account to the GL has been completed. A list of open seized cases has been reconciled between the subsidiary record and Vice and Narcotics. The non-drug cases are still under review as well as a list of cases that may be considered "seized".   When the reconciliation is**

completed the list of individual cases will be reconciled to the GL monthly balance.

3. **Use of Non-Purchase Order Vouchers**

Finding – The Police Department used non-purchase order vouchers to process multiple similar and frequent purchases.

Recommendation – The Department should take steps to ensure that it complies with applicable requirements for the vendors with City contracts

Response – (The Police Department generally concurred with the recommendations, with some additional explanations. The full text of their response is included in the body of the audit report.)

4. **Use of Vendor Invoice Numbers**

Finding – The Police Department submitted accounts payable invoices with locally generated invoice numbers.

Recommendation – The Police Department should discontinue the practice of creating locally generated invoice numbers.

Response - A summary invoice is used to save time in processing invoices. A summary invoice may include payment for up to 20 individual invoices, greatly reducing the number of entries. Care is taken to prevent duplicate payments to each vendor; however, this method is not as reliable as entering unique invoice numbers for each vendor. ** (See attached memo dated July 16, 2014 from Bob Knowles, Accounts Payable Manager).

City of Chesapeake   Chesapeake Sheriff's Office
Audit Services   Performance Audit
June 30, 2014   Fiscal Years 2012 and 2013

Managerial Summary

A. Objectives, Scope, and Methodology

We have completed our review of the Chesapeake Sheriff's Office (referenced as the "Department") for Fiscal Years 2012 and 2013. 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 policies and procedures of jail operations and financial administration regarding cash receipts, expenditures, and inventory.

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 operated and maintained the Chesapeake City Jail (City Jail) and the jail Work Force and Work Release programs. In addition, the Department served criminal warrants, orders, summons, and other civil processes issued by the courts, as well as probation and parole violations issued by the Probation and Parole Offices. The Department was responsible for maintaining order and security within the City's court buildings and provided support services to judges as situations dictated. Extraditions and the transportation of inmates also fell under the purview of the Department.

For Fiscal Year (FY) 2012-2013, the Department had an operating budget of over $37.1 million and an authorized compliment of 400 full-time sworn and civil personnel. The Department received funds from Federal, State, and local sources. The Department's administration building and the City Jail was located in the Chesapeake Municipal Complex in Great Bridge.

To conduct this audit, we reviewed and evaluated policies, procedures, and operational documents and reports. Also, we reviewed the Auditor of Public Accounts (APA) Virginia Sheriff's Accounting Manual Audit Specifications, Code of Virginia, and the Compensation Board's Jail Cost Report. We conducted site visits of the jail, discussed the audit areas of cash receipts, expenditures, inventory, and conducted interviews with the Sheriff, Chief Deputy, Executive Officer of Administration, and various other Department personnel.

Major Observations and Conclusions

Based on our review, we determined the Department had accomplished its overall mission of operating, and maintaining the City Jail, providing security services to the various courts, and process and warrant service. However, we did identify some issues that needed to be addressed. These issues included reducing use of non-PO vouchers, discontinuing use of locally created invoice numbers as well as fee, medical evaluation, staffing, safety, and maintenance issues.

This report, in draft, was provided to 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'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

As one of the City's constitutional offices, the Sheriff's Office was a multi-faceted department whose positions were funded primarily by the State Compensation Board (Compensation Board). The City provided the Department with much needed subsides to fund their operations. Also, the Department received Federal funding from the U.S. Marshall's Office for housing federal prisoners.   The Compensation Board provided funding for salaries and the Commonwealth of Virginia also provided funding for the daily operating costs for state responsible inmates housed in the City Jail.

The Department operated and maintained the City Jail and the jail Work Force and Work Release programs. In addition the Department served criminal warrants, orders, summons and other civil processes issued by the courts, as well as probation and parole violations issued by the Probation and Parole Offices. The Department was responsible for maintaining order and security within the City's court buildings and provided support services to judges as situations dictated. Extraditions and the transportation of inmates also fell under the purview of the Department.

C. Procurement and Accounts Payable Issues

In reviewing the Department's procurement and accounts payable practices, we identified several areas where procedures could be enhanced. The areas included reducing use of non-PO vouchers and discontinuing use of locally created invoice numbers.

1. Non-PO Voucher Use

Finding – The Sheriff's Department used non-purchase order vouchers to process multiple similar and frequent purchases.

Recommendation – The Department should take steps to ensure that it complies with purchase order requirements for vendors with City contracts.

Response - The Chesapeake Sheriff's Office understands that purchase orders are required for purchases of supplies, services or equipment that exceeded the City Code limit of $4999.99 as well as for vendors with City Contracts.

All staff handling this function fully understand the necessity of this process. Supervisors handling the approvals of such expenses are ensuring compliance with the process. Additionally, the development of RFPs are currently underway for any service, company, etc… that surpassed the $4,999.99 threshold to ensure compliance.

2. Locally Generated Invoice Numbers

Finding – The Department submitted accounts payable invoices with locally generated invoice numbers.

Recommendation – The Department should discontinue the practice of creating locally generated invoice numbers.

Response - The Sheriff's Office has counseled and instructed all staff handling invoice that locally generated invoice numbers are not to be utilized. Additionally, invoices will be submitted individually rather than groups together. This measure will ensure accountability and reduce the potential for duplicate payments.

For invoices lacking an invoice number, the date of the invoice will be entered in that field as directed by the City of Chesapeake's Finance Department. Supervisors in the office are verifying that this procedure is being followed.

D. Fee and Policy Issues

In reviewing the Department's fee proposal for the Weekend Day Program, we identified fees that could be increased to offset program costs. We also noted where compliance with medical evaluation requirements could be improved.

1. Weekend Day Program Fee

Finding – Revenues derived from the Sheriff's Weekend Day Program were not sufficient to cover the cost of the program.

Recommendation – The Department should proceed with the proposed Weekend Day Program fee increase.

Response - The Sheriff's Office is currently in the process of increasing fees for the Weekend Day Program. The increase of fees is scheduled to start at the end of September/beginning of October of this year. Under the increases fees, persons assigned to the program will be assessed a $25.00 processing fee and will be required to pay $7.00 for each day they are on the program.

2. Occupational Medical Evaluation

Finding – The Department's sworn officers did not always receive annual medical evaluations administered by the Chesapeake Health Department, Occupational Health Services (OHS) as required.

Recommendation – The Department should take steps to ensure compliance with its medical examination requirements.

Response - The Chesapeake Sheriff's Office recognizes the importance of maintaining current on employee medical evaluations. The Captain assigned as the Administration Commander has been assigned to oversee the timeliness of staff members completing their medical evaluations. The Administration Commander is in frequent contact with Chesapeake Health Department staff to ensure staff members are in compliance.

Since this process has been implemented, the Sheriff's Office has seen a sharp increase in the number of completed physicals.

E. Other Jail Issues

As was noted in our previous audit, the Department still lacks the recommended complement of deputies per inmate. We also identified potential enhancement to the Department's safety program as well as its maintenance procedures.

1. Jail Overcrowding and Staffing Ratios

Finding – The Chesapeake Correctional Center (City Jail) exceeded its inmate capacity rating and did not have a sufficient ratio of guards to inmates.

Recommendation – The Department should continue working with the State Compensation Board to fully fund all required deputy positions. Additionally, the Department should continue to work with the City on strategies to reduce overcrowding.

Response - The Chesapeake Sheriff's Office has submitted request to the Virginia Compensation Board for emergency Deputy Sheriff positions for the past few years and will continue to submit for these positions in future budget submissions to the Compensation Board.

On July 1, 2014, the Chesapeake Sheriff's Office transferred fifty (50) inmates to be housed in the Hampton Roads Regional Jail. Based on the agreement the number of inmates will increase by twenty-five (25) every three (3) months which will assistance in the reduction of overcrowding in the facility.

Additionally, the Sheriff's Office will be expanding the Home Electronic Monitoring (HEM) Program as well as exploring other alternatives to incarceration. The Sheriff has also been exploring the possibility of creating a day reporting center which would also help to reduce the number of individuals incarcerated in the Chesapeake Correctional Center.

The Sheriff has been very progressive in identifying ways to prevent recidivism which hopefully reduce the number of re-offenders and ultimately help to reduce the population of the facility. The Sheriff established a re-entry program which provides incarcerated individuals with life skills to be successful after incarceration.

2. <u>Safety Program</u>

Finding – We identified several potential enhancements for the Department's safety program.

Recommendation – The Department should establish a continuous monitoring program for safety and associated risks and coordinate review of safety policies and equipment with the City's Safety Officer.

Response - The Chesapeake Sheriff's Office recognizes the importance of the safety program. The Sheriff's Office will work closer with the Risk Management to evaluate further claims and the ability to reduce these incidents. It should also be recognized that the potential for injury to employees is higher due to the type of functions and tasks being performed by the office. Many times these incidents are sustained from dealing with newly arrested individuals, violent inmates, etc…

Regarding issues found during the tour of the facility:

1. Food carts missing tray rack supports were beyond repair and were disposed of. New food carts were purchased.

2. Signage has been placed on the door to the emergency diesel room notifying staff that hearing protection is required and ear muffs were purchased and have been placed outside of the room for usage.

3. All bunk beds in the temporary housing facilities have been secured to the floor.

4. All eyewash stations have been cleaned and all are fully functional throughout the correctional center.

The Chesapeake Sheriff's Office has implemented addition inspection tasks to line staff and supervisory staff throughout the Office. The Administration section of the Office will enhance the working relationship with the City of Chesapeake's Safety Officer to improve the overall safety for staff, inmates, and the public.

3. <u>Maintenance Program</u>

Finding – The Department's maintenance program was not automated. We also identified several maintenance issues in the jail facility.

Recommendation – The Department should consider using Maximo for maintenance project tracking. It should also address the other maintenance issues identified.

Response - The Chesapeake Sheriff's Office began utilizing the capabilities of Maximo just recently. It is anticipated that the correctional center will begin utilizing this system in September of this year which will allow maintenance issues to be tracked more efficiently.

Additionally, all repairs identified have been repaired or they are currently under repair at this time. The Sheriff's Office will also continue to repainting projects in the facility.

Managerial Summary

A. Objectives, Scope, and Methodology

We have completed our review of the City of Chesapeake Virginia's (City's) Kronos/MUNIS timekeeping and payroll systems for the period July 1, 2012 to June 30, 2013. The purpose of this audit was to evaluate the effectiveness of departmental payroll processing procedures and practices under the new systems subsequent to their recent implementation. The audit reviewed operational timekeeping and payroll practices in the City largest departments as well as citywide control practices on a selective basis.

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.

In Fiscal Year 2008, the City appropriated $6,233,903 to acquire a new Human Resources Information System. The Citywide Kronos and MUNIS systems provided essential services for the City. Their primary purpose was to provide accurate reporting of employee work time, retain those accounts, provide usable and timely reports for supervisory and management review, and process the City's payroll. The City had approximately 80 system users who processed personnel and payroll transactions for the City's 3,592 employees.

To conduct this audit, we reviewed various aspects the Kronos/MUNIS system including contract requirements and the implementation process. We also interviewed staff from City departments including Human Resources, Finance, Public Works, Police, Fire, Sheriff, Public Utilities, Parks and Recreation, Libraries, Community Services Board (now Chesapeake Integrated Behavioral Healthcare), and the City Manager.

Major Observations and Conclusions

Based on our review, we determined that the Kronos/MUNIS implementation had gone predominantly as planned and, overall, the system functioned effectively as designed. However, the City's decision to postpone the implementation of arrears and the bi-weekly pay cycle has resulted in "workarounds' that adversely impacted the efficiency of the payroll process and cause confusion among some employees. We also identified concerns related to Personnel Actions, the lack of a MUNIS-PeopleSoft interface, training, and time clocks.

This report, in draft, was provided to the City's Human Resources and Finance staff 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. All of the Human Resources, Finance and other City departments were very helpful throughout the course of this audit. We appreciated their courtesy and cooperation on this assignment.

B. Background

Prior to the implementation of the replacement system, the City maintained a legacy Human Resources (HR) / Payroll Resources (PR) system used by Human Resources staff along with Finance Department payroll staff. The new Kronos/MUNIS system was designed to improve the City's operational efficiency and effectiveness by eliminating the significant amount of paper-based processes, redundant data collection, reliance on standalone systems, and duplicate business functions. It was also intended to more effectively allow the City to harness the technological and system-wide features of modern systems. However, the City's decision to postpone implementation of a bi-weekly payroll cycle in arrears during the system implementation did have some adverse impacts on this operational efficiency.

C. Operational Findings

Based on our review, we determined that the Kronos/MUNIS implementation had gone predominantly as planned and, overall, the system functioned effectively as designed. However, the City's decision to postpone the implementation of arrears and the bi-weekly pay cycle has resulted in "workarounds" that adversely impacted the efficiency of the payroll process and cause confusion among some employees. We also identified concerns related to Personnel Actions, the lack of a MUNIS-PeopleSoft interface, training, and time clocks.

1. Payroll Schedule

Finding – The City utilized a significant number of "workarounds" to process payrolls. At least some of these workarounds were the result of the City's decision to continue semi-monthly payrolls paid in the current pay period (current) rather than transition to bi-weekly payrolls with payment in arrears. Additionally, reconciliation of semi-monthly pay against municipal work cycles was labor intensive and required excessive attention from supervisors and managers to accurately manage time records.

Recommendation – To reduce workarounds, errors, and adjustments, the City should evaluate whether the time is appropriate to consider 1) moving to arrears, and 2) implementing a bi-weekly payroll schedule.

Response – Currently, the City prepares 76 payrolls per year. Of those 76 payrolls, 52 (weekly) are paid in arrears (Monday through Sunday paid the following Friday). The remaining 24 (semi-monthly) payrolls are paid currently with the hours earned on and through the 15th and the 30th (31st) of the month. Paying employees simultaneously with hours earned results in some employees receiving paychecks which contain hours for which they have not yet worked.

2. Personnel Action Request Processing

Finding – Personnel Action (PA) requests were typically processed through use of a paper request and routed by hand.

Recommendation – The City should take steps automate the process and eliminate the paper Personnel Action Forms.

Response – Although the MUNIS HR/Payroll system has the capability to allow automated personnel actions, there are challenges associated with the use of the functionality. Many personnel actions are accompanied by additional documentation, e.g. the Clearance Form (for terminations), the Personnel Action Addendum (for supervisor changes), the employment application (for promotions), and miscellaneous memos in support of various actions. The additional documentation must be submitted along with the personnel action to ensure the appropriate justification for the action is captured in the employee's personnel record.

3. Timing of Personnel Actions

Finding – Timing of personnel actions, specifically those that affected pay, required additional attention due to the conflicts between pay periods and shift schedules.

Recommendation – The City may wish to consider developing an alternate procedure that standardizes the timing of PA processing for these employees.

Response – The mismatch between an employee's work period (cycle) and the established pay periods as described in the audit report is unavoidable. This issue is primarily associated with public safety employees. The work periods for public safety employees are based on the Fair Labor Standards Act which establishes overtime thresholds based on work periods. Supervisors do have the capability to specify a range of dates in Kronos corresponding to the public safety work periods to aide in their review of employee timecards. Human Resources will work with the public safety departments to ensure they understand the functionality within Kronos that is available to them.

4. MUNIS and PeopleSoft Interface

Finding – MUNIS did not directly communicate with the City's PeopleSoft Financial system.

Recommendation – The City should continue to evaluate whether the vendor can satisfactorily address the issue.

Response – There are currently two interfaces between the MUNIS and PeopleSoft systems. One interface passes "combo codes" (GL strings) from PeopleSoft to MUNIS so that the chart of accounts for MUNIS can be in-sync with PeopleSoft. The second interface exports the journal entries from MUNIS to PeopleSoft after each payroll so that those journals can be recorded in PeopleSoft. These interfaces are used on a weekly basis.

5. Training

Finding - Several departments indicated that they might benefit from additional system training

Recommendation - The City should explore methods of increasing the frequency of HRIS system-related training

Response – We currently offer training to all departmental payroll clerks on a quarterly basis. These training sessions focus on a variety of payroll and HR issues and include HRIS-related topics such as how to process sick leave repayments in Kronos and how to enter performance evaluation scores and address changes in MUNIS. In January 2014, Human Resources began offering monthly Kronos training sessions and providing hands on computer assistance to all supervisors. Monthly training sessions will be offered for approximately 6 months to meet current demand, and then a regular schedule of quarterly Kronos training will be established. We will continue to monitor the demand for training and work to address the needs identified.

6. Time Clocks

Finding – Not all time clocks were strategically placed and/or identified for field workers.

Recommendation – The City should take steps to make time clocks more accessible where necessary. Additionally, the City should provide a mechanism for punching in and out for identified groups of employees. This mechanism should have GPS information for management review to ensure the integrity of the timekeeping.

Response – During the installation of the Kronos time clocks, meetings were held with all City departments. Department representatives ultimately made the decision of where the clocks were located throughout the City. The time clocks are available for all employees to access when they are working away from their primary work locations. A map showing the Kronos clock locations was distributed to all Departments during the initial implementation. If a time clock is not located in a satisfactory area, a department may submit an IT helpdesk ticket to move the time clock to a more convenient area. The IT department is able to relocate a time clock as long as electrical power and network access is within range of the desired new location.

A. SUMMARY

AUDITS IN PROGRESS, TECHNICAL ASSISTANCE & TRAINING

AUDITS IN PROGRESS, TECHNICAL ASSISTANCE, & TRAINING

Audits in Progress

Fire Department – As of June 16, 2014 we began fieldwork began in our audit of the Fire Department.

Chesapeake Integrated Behavior Health (CIBH) – As of June 16, 2014, we began preliminary fieldwork began in our audit of the CIBH.

Citywide Capital Projects (Special Audit) – As of June 24, 2014, we began preliminary work in our audit of Citywide Capital Projects.

Technical Assistance Projects

Human Resources Information System (HRIS) – We are continuing to provide routine advice related to the HRIS system implementation.

Public Utilities – We are continuing to provide assistance to Public Utilities as they implement their new Customer Information System. Acquisition of this system was included in the recommendations included with our most recent Public Utilities audit.

We have provided assistance on the City's IT modernization project.

We have provided contract management for the external auditor contract. The results of the FY 2013 external audit were shared with the Audit Committee on December 10, 2013.

Training & Other

July 2013

Training - A member of our staff attended Chesapeake Leadership University training on "Legal Issues within the Municipal Government" and "Financial Matters". Staff completed various on-line continuing education exercises.

August 2013

Training – One team member attended the ACFE/IIA Joint Summer meeting. Staff completed various on-line continuing education exercises. One staff member attended the Tidewater Chapter of the VA Society of CPAs seminar.

September 2013

Training – Staff completed various on-line continuing education exercises. We attended the VLGAA Fall Conference and attended the IIA State dinner.

October 2013

Training – One team member 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 2013

Training – Staff attended the Association of Certified Fraud Examiners and Tidewater Institute of Internal Auditors' training on Fraud, and others participated in web based training. One team member attended the Annual Tax Day seminar hosted by the Tidewater Chapter of VA Society of CPAs.

December 2013

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

January 2014

Training – Staff completed various on-line continuing education exercises   Staff also participated in the Institute of Internal Auditors Annual Tax Update as well as a session entitled Control Issues with Mobile Devices.

February 2014

Training – Staff completed various on-line continuing education exercises. Additionally one staff member participated in a session entitled "Economic Upgrade" conducted by the Virginia Society of Certified Public Accountants.

March 2014

Training – Team members participated in various webinars for continuing education. One member attended the IIA Tidewater IT Day conference.

April 2014

Training – The entire department attended the IIA Fraud Conference over the course of two days. Team members also attended the IIA Leadership Conference.

May 2014

Training – The entire team attended Ethics training; four team members attending IIA Chapter meeting, and one team member attended the ALGA Conference in Nashville, TN.

June 2014

Training – The entire department attended Cherry Bekaert's one day seminar. One team member attended the 25th Annual ACFE Conference and IIA Workshop

C. FRAUD HOTLINE

FRAUD, WASTE, AND ABUSE HOTLINE REPORT

During Fiscal Year 2014 we received eight 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 was related to a residential violation. It was referred to Zoning.

Complaint #2 – This complaint was related to allegations of employee abuse of hours by exempt employees. We investigated the matter and found that all staff noted in the complaint were exempt employees. The complaint was referred to the appropriate department for handling.

Complaint #3 – This complaint was related to a citizen receiving funds in error. We investigated the situation and discovered that it resulted from an employee error.

Complaint #4 – This complaint was related to a City contractor being paid in accordance with state guidelines and contractual requirements. Although we investigated the matter thoroughly, we were unable to authenticate the complaint.

Complaint #5 – This complaint was related to missing cash bags within a department of the City of Chesapeake. The complaint was investigated, authenticated, and given to the appropriate department for handling.

Complaint #6 – This complaint was related to citizen with a utility bill dispute. The situation was investigated and was resolved between the citizen, and the affected departments.

Complaint #7 – This compliant was related to the City's Records Management Program. This complaint was investigated, authenticated, and the complaint and the appropriate corrective action was taken

Complaint #8 – This complaint was related to a patron whose return of Library materials was not properly recorded. The complaint was authenticated, and the appropriate corrective action was taken.

E. SUMMARY

TIME (HOURS) EXPENDED

JULY 1, 2013 TO June 30, 2014

YEAR TO DATE SUMMARY REPORT
JULY 1, 2013- JUNE 30, 2014

A. TIME (HRS) EXPENDED DURING FY 14 - COMPLETED PROJECTS

   1. Audits & Analytical Reviews:

Police Department–Administration	42.00
Police Department – Planning	418.75
Police Department – Testwork	998.75
Police Department – Report	159.00
Sheriff's Department – Administration	27.00
Sheriff's Department – Planning	382.00
Sheriff's Department - Testwork	965.00
Sheriff's Department - Report	753.50
Citywide Payroll – Administration	275.25
Citywide Payroll – Planning	216.50
Citywide Payroll - Testwork	205.50
Citywide Payroll – Report	195.00
Parks and Recreation – Administration	19.00
Parks and Recreation – Testwork	35.00
Parks and Recreation – Report	25.00
Total Hours Audits & Analytical Reviews	**4,717.25**

   2. Technical Assistance:

Fraud Hotline	133.00
Human Services Investigation	321.75
Conference Center Investigation	138.00
Other/IT Modernization	1.00
Library Follow-up	4.00
Purchasing Follow-up	3.00
Peer Review-Prep	10.00
Kronos/Munis	3.00
Total Hours Technical Assistance	**613.75**
Total Hours – Completed Projects	**5,331.00**

Times(HRS) Expended During FY 14 - Projects in Progress

1. Audits & Analytical Reviews:

Fire Department – Planning	9.50
CIBH– Planning	.00
Capital Projects(Special Audit)	.00
Total Audits & Analytical Reviews in Progress	**9.50**

2. Technical Assistance:

Kronos-Munis Payroll/HRIS Systems	34.50
CBH Contract Oversight (Audit Contract Mgmt)	38.00
Parks and Recreation Special Project	226.00
Total Technical Assistance in Progress	**298.50**

3. Other:

Administrative	3,267.00
Holiday	592.00
Leave – Annual	689.25
Leave – Sick	439.00
Leave – OT	0.00
Meetings	111.00
Miscellaneous	643.75
Professional Organizations	399.50
Training	504.00
Total Other in Progress	6,645.50
Total Hours for Projects in Progress	**6953.50**
Total Hours (Completed Projects + Projects in Progress)	**12,284.50**