



Charlotte City Council

Governance & Accountability Committee

Meeting Summary for March 24, 2014

COMMITTEE AGENDA TOPICS

- I. **Subject:** City Manager and City Attorney Performance Review Process
- II. **Subject:** Internal Audit Update
- III. **Subject:** External Audit Update
- IV. **Subject:** Next Meeting
Action: Monday, April 28 at 12:00 noon in Room 280
Committee would like to schedule a second meeting

COMMITTEE INFORMATION

Present: Council members Howard, Mayfield, Autry, Kinsey, Phipps
Other: Council members Lyles, Driggs
Time: 12:00 p.m. to 1:20 p.m.

ATTACHMENTS

1. Agenda Package

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DISCUSSION HIGHLIGHTS

Committee Discussion:

Committee Chair David Howard called the meeting to order and asked those in attendance to introduce themselves. He then advised the Committee they were going to rearrange the agenda to talk about the performance review process first.

I. City Manager and City Attorney Performance Review Process

Council member Howard advised that the former Council-Manager Relations Committee had discussed the evaluation process last year but as in previous years it was a rushed conversation. He continued that Council member Cooksey had always advocated for changing the process so there was justice for everyone. Research has been done in the past, but as usual the Committee ran out of time last year. He said he sees the same thing happening again by waiting to the last minute to discuss the process. He asked Council member Kinsey to confirm this was also her recollection [she did]. Council member Howard added that the process discussion is not just for this year and not just for Ron Carlee and Bob Hagemann but future City Managers and City Attorneys and Council members.

Mr. Carlee said that the material he has seen is consistent with his previous experiences. He would like to focus on having conversations on an ongoing basis. The focus of evaluations ends up being around compensation, so there needs to be some separation so the employee gets guidance on what and how they are doing with goals and objectives. Pay is driven by market. His preference would be quarterly conversations rather than annual evaluation and suggested changing his April evaluation to a quarterly conversation and move the evaluation to the end of June.

Council member Howard noted that Mr. Carlee has been here almost exactly a year, so that's the reason for the timing of the review this year. Evaluations between the Manager and Attorney have previously been conducted about a month a part. Does the Committee want to line the evaluations up or just give Mr. Carlee feedback? Another difference is Mr. Carlee has a contract, so that takes away the pay pressure.

Mr. Carlee said that he would appreciate having a conversation in April. He does think a formal annual evaluation is important. A substantial number of managers do not have evaluations. In the past, it seems for the annual review the Manager and Attorney have prepared a report, had Council participate in an online survey (with a varied, but pretty good response rate), with a place for narrative feedback.

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It follows with a round robin type of discussion meeting and then Council deliberates on compensation. All of that is pretty typical and has varying degrees of effectiveness. He would like to pull together a variation of that theme. He feels the Manager's annual report is important; it shows accomplishments, issues, concerns, so you know how the Manager sees things. It is helpful to have a session where you review the Manager's self-assessment so you can hear from the Manager and ask questions. A survey is also helpful, but so is a third party interviewer so you can get to content versus ratings.

Council member Mayfield said she would be concerned with additional costs bringing in a third party consultant. Mr. Carlee said while there is some cost it is a minor investment and of course just an option, but the interviewer can get more specific information and some more candor.

Council member Howard reminded the Committee they are only responsible for two evaluations, but need to keep them consistent. Council has spent time the last two years looking at this process. He said is important for the Manager to know what the goals of Council are so they aren't working in the opposite direction. Ms. Jennings added that Council did use an outside facilitator in the past [Lyle Sumek] to conduct a facilitated conversation.

Bob Hagemann noted that he has had two evaluations with Council. He said he was open to whatever direction they chose to head in, but he has found his evaluation helpful even without a frame of reference. It is unique to have 12 bosses so he feels he is evaluated in every encounter with them. It is important to him where he stands with the body and individuals, so meeting with Council members one-on-one or as a group is enlightening. A third party could be also be valuable.

Sheila Simpson [Human Resources] said that the past practice has been to evaluate the City Manager in June and City Attorney in July and start the process about four weeks prior. Council member Howard noted that would be May. Ms. Simpson continued that the survey monkey allows for feedback and the rating is on a five point scale. She noted that an interview does have value because conversation can lead to probing questions because the interviewer can explore the answers more fully.

Council member Howard asked if that was done anywhere else. Ms. Simpson said that we do voluntary exit interviews and have a written survey tool. Mr. Carlee said that he has used that in instances with subordinate reviews. You have the people that report to you interviewed as an evaluation tool. He plans to have that done and will provide the report to Council.

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Council member Mayfield asked with regards to the exit interviews, how is that information tracked and do we make changes. She wondered if a constant concern comes up and nothing changes to what extent are we listening to people. Is this productive or a tool that is utilized and wasted? With regards to the consultant piece, what if the concerns by the subordinates are not addressed? Council member Howard asked when the previous City Manager left was there an exit report with information that came to Council? Ms. Simpson said there wasn't, but on a department basis the information goes to the department director. The exit interview process is voluntary and the reports are compiled in aggregate. Ms. Jennings added there wasn't an exit interview for Curt Walton.

Council member Mayfield said that exit interviews give insight into the culture and there could be a different culture on the ground that isn't impacting leadership. Council member Kinsey said that Council members need to be careful not to micromanage or meddle. She continued that elected officials have a horrible way of evaluating people and she recalled former Council member Lochman complaining as well for the need for a better process. She said she didn't think the process needed to be overdeveloped but it was important to stay on track.

Council member Phipps asked if any consideration had been given to a semi-annual review? Quarterly might be too much. Maybe there's a quarterly survey and semi-annual review? Council member Howard said he thought quarterly might border on meddling; same as semi-annual. Council member Phipps said perhaps conduct a self-assessment every six months, so that gives an opportunity to focus in case there is adverse action.

Council member Driggs noted the uniqueness of this situation. Council meets every week, so there is quite a level of detail already provided. He said there should be an opportunity to clarify roles and discuss goals looking forward. Council member Howard said that was also Council member Cooksey's point – no goals. Council never took the time to figure out goals, so criteria are never set to evaluate.

Council member Howard asked about next steps. Ms. Jennings answered that on the agenda for tonight is an item to change the April evaluation to a quarterly briefing. Council member Howard said the Committee really needs to look at a process and timetable (and there is flexibility because any pay adjustments would be retroactive). He continued that he thought this item was worth another meeting and he would work with Council member Mayfield to bring back some process suggestions.

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Mr. Carlee said he would appreciate keeping the April quarterly meeting not a formal evaluation, but just a time to check in with Council on the work we are trying to accomplish. He continued that there aren't many opportunities to sit down and have those informal conversations. Council member Howard said that would still be in closed session to discuss concerns. Mr. Carlee added they could give him guidance on their expectations.

Council member Phipps said that now he has had that explanation, he has no objection.

Council member Howard concluded that the goal is to get this right going forward, so it is important to take the time necessary.

II. Internal Audit Update

Council member Howard began by asking who has functioned as the audit committee previously. Mr. Gaskins responded no one. Council member Howard then asked who has been watching. Mr. McDowell said that he has distributed a semi-annual and annual report.

Mr. McDowell advised the Committee they will receive his monthly update, the recommendations status report, and any summary reports – like the Energy Grant– for these meetings. On that report will be things noted under conclusion, like Neighborhood & Business Services processes were not sufficient and then after the audit they took steps that we are now satisfied with.

Council member Howard asked what happens if Internal Audit discovers \$30,000 was not reported correctly. Who deals with that? Mr. Carlee said Hyong Yi will now be reviewing these reports on an ongoing basis and he will make sure the appropriate Assistant City Manager and Department Director are making sure the department remedies the situation.

Mr. McDowell continued that they work with the department to try and resolve the issue. Most are successfully resolved before the report comes out. In this situation, we found out in late January that this information no longer had to be reported; however, we wanted to do better on all grants. N&BS developed templates for going forward. Mr. McDowell continued reviewing the Monthly Audit Update [attached].

Council member Mayfield asked with regards to looking at audits and comparing to previous audits (like the authorized contracts and payments) are we making sure they haven't previously seen a glitch, was there a way a previous employee created a way to pay themselves. Are we keeping an eye out?

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Mr. Yi responded that Internal Audit does check, but in six months you could have a similar situation that is the result of a different problem. You look at the end. The City runs a good business, but yes, Internal Audit tries to identify a fix so we do not have to address the problem again.

Mr. Gaskins added that when Mr. McDowell identifies something or Finance asks him to review something, we look at the impact on internal controls and go back and review those processes. Sometimes we have to involve the Manager or make policy changes. Mr. Yi said the first level is Internal Audit and the Department; then Finance and the Manager's Office.

Council member Driggs asked if there is a particular policy or large amount or criminal activity that is reported to Council. Mr. Gaskins said no, but Mr. McDowell clarified that as a matter of practicality, his report is public and available. Council member Autry then re-asked whether Council is told about criminal activity and Mr. Gaskins reiterated they are not. Council member Howard then asked how this information should come to Council. Mr. Yi asked if staff could come up with a proposal.

Mr. McDowell then referred the Committee to the Recommendations Status Report [attached]. Mr. Yi advised the status report is basically a scorecard for the reports that have been issued. These are all outstanding recommendations through today.

Council member Howard said it is important that they understand the formatting and how to distinguish recommendations and follow-up. They just have to get used to following these reports.

Council member Mayfield asked if they could break out or note like with the N&BS audit that we are still looking at this even though the Federal government is not. Council member Howard then asked what the ramifications from the Federal government might be related to this situation. Mr. McDowell said he felt the risk was very low; and most of the issues have been resolved. It is a small amount of money. The Federal government does not appear to be looking at this very closely, but we are still holding ourselves accountable.

When items are resolved, they will fall off the report.

Council member Lyles noted on page six with the recommendation status for CATS, several acronyms are used that at least she does not know what they mean. Can staff be careful with internal acronyms? Mr. Yi said we would be careful to spell those out going forward.

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Council member Phipps noted he had a series of questions that he would send via email. Council member Howard said that all Committee members were welcome to schedule one-on-one meetings to get additional clarification and understanding going forward.

Council member Phipps asked about the ratings and if they were typical. Mr. McDowell acknowledged that this form was actually created for the Committee, so he can use other categories if that makes more sense. He was trying to keep it simple.

Council member Driggs asked with regards to annual audits, are there significant thresholds that you use to classify problems. Mr. McDowell said they are generally self-evident. Council member Driggs continued that a procedure could arise that might represent a weakness. Mr. McDowell said they look to identify those poor controls.

Council member Howard then asked about the County's audit department. Mr. Yi said the audit department has a direct line to the Board of County Commissioners and Manager. There are no obstacles. If the Internal Auditor felt the Manager was an obstacle, he can go direct to the Committee.

Council member Lyles said there should be a defined way Council looks at criminal activity. There should be regular reporting to the Committee. Council member Howard said that committees work as good as they count. So, it is worth having that conversation.

Council member Driggs said that in a fire drill situation there are a lot of decisions that have to be made in a short amount of time. Are there policies for how we address that? Council member Howard said that the report should include crisis management ... and maybe in color so it is distinguished on the report. Mr. Yi said staff would work on the formatting.

III. External Audit Update

Greg Gaskins referred the Committee to his one page handout [[attached](#)]. It is the calendar of the external audit process. Mr. Gaskins suggested he thought it would be a good idea to have the external auditor come to an upcoming Committee meeting to talk about their roles and findings. They can give information on best practices and talk about how audit committees have evolved since Enron. Mr. Gaskins said his recommendation would be to have them give a two-part presentation: best practices and upcoming audits. Council member Howard agreed that it should include what their roles are and have been and what it will be now and going forward.

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IV. Next Meeting

Council member Howard suggested the next meeting include continued discussion on the evaluation process, update from Internal Audit and External Audit. Council member Mayfield said she thought one meeting should focus totally on the evaluation. Council member Howard followed-up with then having one meeting on Internal/External Audit. Mr. Yi said they also have a continued discussion of emergency communications on their agenda. It might be beneficial to have two meetings a month for the next couple of months until everything gets established and then it goesy back down to one meeting a month. Council member Howard agreed and said up until now there has been no channel for this information.

Meeting Adjourned

Governance & Accountability Committee
Monday, March 24, 2014 – 12:00 noon
Room 280

Committee Members: David Howard, Chair
 LaWana Mayfield, Vice Chair
 John Autry
 Patsy Kinsey
 Greg Phipps

Staff Resource: Hyong Yi, Assistant City Manager

AGENDA

I. Internal Audit Update

Staff Resource: Greg McDowell

Receive as information a monthly update from Internal Audit (attachment)

II. External Audit Update

Staff Resource: Greg Gaskins

Receive as information a monthly update from Finance (attachment)

III. City Manager and City Attorney Performance Review Process

Staff Resource: Cheryl Brown

Discuss performance review process and consider recommendation to move City Manager's Evaluation from April to June (attachment)

IV. Next Meeting

Monday, April 28, 2014 at 12:00 noon in Room 280

Distribution:

Mayor and City Council
Council Team
Greg McDowell

City Manager's Executive Team
Bob Hagemann
Greg Gaskins

Corporate Communications
Stephanie Kelly
Cheryl Brown

**CITY OF CHARLOTTE
CITY MANAGER'S OFFICE – INTERNAL AUDIT DIVISION**

MEMORANDUM

To: City Manager's Office and Department Directors
From: Greg McDowell, City Auditor
Re: Monthly Audit Update – February 2014

February 28, 2014

Performance Audit Report Issued

Energy Efficiency and Conservation Block Grants (EECBG) Stimulus – The City of Charlotte was awarded this \$6.78 million stimulus grant by the Department of Energy (DOE) on August 4, 2009, to implement an Energy Efficiency and Conservation Strategy. Specifically, the grant was to be used to reduce fossil fuel emissions, reduce total energy use of eligible entities, and improve energy efficiency in the building sector, the transportation sector and other appropriate sectors, while also creating jobs.

Overall, project costs were found to be allowable and properly approved. However, costs totaling \$30,712 were paid in error and the majority were subsequently corrected. NBS has initiated appropriate actions to improve controls over such payments in the future.

Payroll monitoring has not been sufficient to comply with Davis-Bacon regulations. Adjustments are required to report full-time equivalents (FTEs) accurately. Errors were noted in previous §1512 reports (1512 is the referenced section of the ARRA federal bill). Finding #2 contains additional detail about these adjustments. Also, monitoring of other ARRA grant requirements and Department policies needs improvement (Finding #3). NBS has updated policies and procedures to address these findings.

Conclusion: NBS staff did not give adequate attention to certain requirements of the ARRA grant. NBS processes were not sufficient to ensure compliance with grant requirements. Near the conclusion of the audit, NBS management initiated several substantive corrective measures which satisfactorily address our recommendations.

Follow-up: In approximately six months, we will conduct a brief follow-up to confirm that NBS' planned actions have been implemented.

Audits in Progress

- Business Tax Audit Follow-Up – We are completing a follow-up review of the February 2012 report “Business Taxes Received Via County.” We have reviewed the status of recommendations and examined new samples. City Finance has provided comments and responses to recommendations. We met with County Finance staff in late January to review the draft and receive updates regarding additional research conducted by the

County Office of Tax Collections. Those updates will be reflected in the final report, which is targeted for mid-March.

- Authorized Contracts and Payments – We are reviewing the City’s disbursements to the entities paid the most in FY13 (about 60 contractor/vendors each received over \$2 million in payments), whether related to a new or existing contract, a Council-approved disbursement or any other process. We plan to issue a draft report in March. Final issuance is targeted for April.
- Vice Imprest Fund – A draft report related to our periodic vice imprest fund audits is being prepared, covering audits conducted in calendar year 2013. After the draft is forwarded to CMPD for review in March, a final report is targeted for issuance in April.
- City-wide Overtime (July 1, 2009 through June 30, 2013) – We have met with most departments to discuss overtime policies and procedures for each division. After completing our initial testing, auditors met with direct supervisors within several divisions to discuss overtime processes. Additional analyses and reviews will be conducted through March as a draft report is being prepared.
- Employee Travel and Expense Reimbursements – We are reviewing FY13 reimbursements for compliance with City policies and procedures, including travel expenses charged to P-cards. Fieldwork is expected to continue through February. A target issuance date has not been determined.
- Quarterly Stimulus (ARRA) FY14 – The City was recently informed of a Congressional action that eliminated the required quarterly reporting. The final report period for all grants, even those still in process, is December 31, 2013. Project managers have been notified. Changes to full time equivalents (FTEs) cannot be made. However, changes to dollars spent and received can be corrected until mid-March. Auditors are working with the EECBG coordinator to finalize all grants by the deadline. Our final ARRA report will be issued by June.
- Fare Evasion Fine Collections – At CATS’ request, audit staff reviewed records supplied by a CATS contractor which documented losses due to the actions of a former employee of the contractor. In January 2014, a settlement agreement was signed by Central Parking and the City. Internal Audit supported this agreement. The City accepted a reimbursement payment of \$50,750. In August 2013, CATS staff (in place of the contractor) had begun collecting the fare evasion citation fines. Internal Audit staff has begun testing CATS’ new procedures and will continue to perform testing in March.
- Citywide Cash Collections – In January 2014, the City’s external auditor Cherry Bekaert reported to City Council that “Cash collection sites throughout the City are not monitored to ensure internal controls are designed and operating effectively.” Internal Audit announced an audit in February to address this issue. As we develop a plan, auditors will

work closely with Finance staff, and we will seek input from all departments involved with cash collections.

Other

- Internal Audit is overseeing a contract with the accounting firm McGladrey to review Parking Revenues and Contracting Compliance at Charlotte-Douglas Airport. This work has been ongoing throughout January. We expect to review draft findings with McGladrey during March.
- Peer Review – Internal Audit has undergone a peer review to confirm our compliance with GAO Yellow Book standards. The peer review team concluded that Internal Audit’s internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with these standards. The final report is attached.



Peer Review.pdf

- Mid-year Summary – Our six-month summary of audit activities (attached) was provided to the City Manager and Council’s Governance & Accountability Committee in February.



2014 Fiscal Mid-Year
Audit Summary.pdf

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Internal Audit Recommendation Status – February 28, 2014

Summary

	Number	Initial Response	Status/Progress	Satisfactory/ Unsatisfactory
Recommendations Added – February 2014 (page 2)	3	<ul style="list-style-type: none"> • NBS agreed with all. 	<ul style="list-style-type: none"> • Audit will follow-up with NBS in approximately six months (August/September 2014). 	S-3
Recommendations in Progress (pages 3-5)	7	<ul style="list-style-type: none"> • HR agreed to one. • ARRA-related staff agreed to one. • Finance agreed to one. • Finance, Shared Services and OCIO agreed to address four. 	<ul style="list-style-type: none"> • HR continues to address. • CATS and EST coordinator are addressing. • Policy is nearly complete. • Recommendations are being addressed as the ERP implementation date approaches; Internal Audit is monitoring. 	S S S S-4
Recommendations Resolved – February 2014 (page 6)	5	<ul style="list-style-type: none"> • For one, CATS agreed to pursue collection. • Finance agreed to address four recommendations related to business taxes. 	<ul style="list-style-type: none"> • Settlement with contractor reached; contractor paid City \$27,783. • Finance completed its planned actions; follow-up audit verified resolution. 	S S-4
Totals	15			Satisfactory – 15 Unsatisfactory – 0

Internal Audit Recommendation Status – February 28, 2014

Recommendations Added in February 2014

Department Audit Title and Issue Date	Conclusion	Findings/Recommendations	Response	Follow-Up / Status
<p>Neighborhood & Business Services (NBS)</p> <p>Energy Efficiency and Conservation Block Grants (EECBG/Stimulus) – 2/27/14</p> <p>Scope: The City was awarded this \$6.78 million stimulus grant by the Department of Energy in August 2009. Auditors reviewed ARRA grant reporting and monitoring requirements.</p>	<p>NBS staff did not give adequate attention to certain requirements of the ARRA grant. NBS processes were not sufficient to ensure compliance with grant requirements. Near the conclusion of the audit, NBS management initiated several substantive corrective actions which satisfactorily address our recommendations.</p>	<ol style="list-style-type: none"> 1. Costs totaling \$30,712 were paid in error; the majority (all but \$2,233) were subsequently corrected. 2. Payroll monitoring has not been sufficient to comply with Davis-Bacon regulations. 3. Monitoring of other ARRA grant requirements and Department policies needs improvement. 	<ol style="list-style-type: none"> 1. NBS agreed to improve its processes and has developed detailed procedures and forms to document its work. 2. NBS agreed to develop a procedure and checklist to ensure compliance. 3. NBS agreed to take appropriate steps to clarify monitoring procedures and document same. 	<p>Internal Audit is satisfied with NBS' written procedures, forms and plans. In approximately six months (August/September), auditors will conduct a brief follow-up to confirm that NBS' planned actions have been implemented.</p> <p>Note: While ARRA monitoring and reporting requirements will cease, NBS will apply these new procedures to other grants.</p>

Internal Audit Recommendation Status – February 28, 2014

Recommendations in Progress as of February 28, 2014

Department Audit Title and Issue Date	Conclusion	Findings/Recommendations	Response	Follow-Up / Status
<p>Human Resources (HR) Payroll – March 2013</p> <p>Scope: Payroll transactions from January 2011 through June 2012 were tested. We evaluated internal controls and the accuracy of employee information in PeopleSoft.</p>	<p>City payroll processes are operating in a strong control environment. While the majority of our audit tests found a high level of compliance, document controls require improvement.</p>	<p>HR should take steps to ensure that pay rate authorizations have been scanned electronically.</p>	<p>Scanning efforts lag a few months, but HR agreed to bring electronic files more current.</p>	<p>HR has been unable to improve the timeliness of scanning due to system problems and ERP priorities. HR is adding staff time to address scanning.</p> <p>HR plans to seek alternative solutions. Internal Audit agrees that a more complete solution should be studied over the next few months.</p>
<p>City Manager (Economic Stimulus Team Coordinator) 2013 Stimulus (ARRA) Report October 2013</p> <p>Scope: Stimulus (ARRA) §1512 reporting for FY2013 was reviewed. All ARRA grants require quarterly reporting of costs, FTEs (full-time equivalent jobs) and other project information. This review represents four quarters of intensive efforts by the Economic Stimulus Team (EST) and Project Managers.</p>	<p>Although minor adjustments in total expenses and amounts paid to specific vendors or subrecipients were required, effective controls continue to help ensure accurate reporting of total expenses. The audit found errors in grants that Project Managers (PMs) subsequently corrected. One correction is still in process.</p>	<p>The EST coordinator should work with the PMs to certify the three payroll documents on the CDBG grant and follow-up on CATS' research. Quarterly, the EST Coordinator should require PMs to provide written verification that:</p> <ol style="list-style-type: none"> a. GEAC has been reconciled to §1512, federal and state reports; b. All payroll documents have been received from vendors; c. Davis-Bacon applicable payrolls have been certified; d. Buy American compliance was regularly checked by project inspectors; and e. Prior quarter corrections have been made by the PM. 	<p>CATS is researching payroll documents. A status summary was provided to Internal Audit, detailing significant progress. When completed, the EST coordinator will be notified.</p> <p>CATS staff has made significant progress in addressing the FTE calculations, but has not completed their research.</p>	<p>In January 2014, we learned that the federal government will discontinue the reporting requirements. It is unlikely that the City's reporting deficiencies can be completely corrected. However, any risks related to the remaining inaccuracies appear low.</p>

Internal Audit Recommendation Status – February 28, 2014

<p>Finance</p> <p>Purchased Capital Assets FY12 January 2013</p> <p>Scope: We reviewed the City’s capital asset procedures, including inventory and asset tagging processes. Of the 557 capital assets purchased during FY12, we selected 75 assets (13%) for review. The sample consisted of 32 rolling stock and 43 non-rolling stock assets.</p>	<p>Procedures are functioning adequately to ensure that capital assets purchased in FY12 are present and properly secured.</p>	<p>We verified the existence of capital assets purchased between July 1, 2011 and June 30, 2012, and determined that the assets were reasonably safeguarded.</p> <p>All 75 assets tested were accounted for, and all but one was adequately safeguarded. (One item had been stolen and reported to Police.) One asset was misclassified, leading to the discovery that similar items meeting the City’s capitalization threshold had not been recorded. Also, the City did not have an approved capital asset policy. Finance had planned to initiate an appropriate policy regarding citywide capital assets, which will address this asset category. Policy development will coincide with the implementation of the City’s ERP system.</p> <p>The Finance Department should establish a policy that requires consistent tracking of all working animals that meet the City’s capitalization threshold.</p>	<p>Finance has established an asset code on the general ledger to track working animals and has contacted the Police Department about procedures to capitalize working animals. Finance planned to develop a capital asset policy in conjunction with the ERP project, and it will include capitalization of working animals. In August, the Finance Liaison Committee (FLC) approved the policy. The formal policy review was initiated in September 2013.</p>	<p>A near-final policy has been circulated and should be adopted soon.</p>
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Internal Audit Recommendation Status – February 28, 2014

<p>Finance, Shared Services (SS), and OCIO</p> <p>Vendor Authenticity April 2013</p> <p>Scope: This audit assessed how the City determines that vendors are authentic – in advance of, and separate from the payment authorization process. For the purposes of our report, an authentic vendor provides goods or services for agreed upon prices, and has verifiable characteristics such as a business license, unique address, a tax identification number and identifiable business owners.</p>	<p>Although no inauthentic or fictitious vendors were identified, the limited sample size prevents a conclusion regarding the entire vendor database. The potential negative consequences related to vendor fraud and payment errors are so great that controls should be improved to further reduce those risks.</p> <p>Current payment controls for vendors under \$2,500 result in only limited assurance that all vendors are authentic. A formal review process would help ensure that vendors meet a predetermined and consistent set of standards prior to their addition to the active vendor database. Data quality needs improvement, or risks to the vendor payment process will increase.</p> <p>Although MUNIS, the new Enterprise Resource Planning (ERP) system, will begin with verified vendor information and updated policies, specific issues must be addressed to maintain the database’s quality over the long term. Maintaining database integrity can help prevent fraud and errors.</p>	<ol style="list-style-type: none"> 1. MUNIS implementation. The City should prevent the roles and permissions set-up that would allow the same person to both approve a requisition to become a purchase order and receive the goods or services on an invoice. 2. City policy should require approvals be limited to employees. 3. A formal vendor authentication policy should be adopted, following review and documentation of agreed upon criteria. 4. A formal vendor authentication process and related policies should be considered. City policies should address these areas: Activity, Naming, Tax IDs, and Completeness. 	<ol style="list-style-type: none"> 1. Finance, SS and OCIO agree, although the implementation may present challenges. 2. This recommendation is completed. 3. Finance, SS and OCIO agree, although the policy process will require significant collaboration. 4. Finance, SS and OCIO agree, although the policy process will require significant collaboration. <p><u>Summary Response:</u> Management from Finance, Shared Services and the OCIO agreed with our recommendations, which will require the development of new policies. The development of policies will occur over the next several months, while their completion and publication may extend several months past the MUNIS implementation date.</p>	<p>Internal Audit is following up the agreed-upon recommendations as the ERP implementation date approaches.</p>
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Internal Audit Recommendation Status – February 28, 2014

Recommendations Resolved During February 2014

Department Audit Title and Issue Date	Conclusion	Findings/Recommendations	Response	Follow-Up / Status
<p>CATS</p> <ul style="list-style-type: none"> • STV FY07 ODCs; April 2010 • STV FY08 and FY09 ODCs; December 2011 <p>Scope: These audits focused on the reimbursable “other direct costs” incurred under the contract. ODCs make up 30-35% of total billings.</p>	<p>Based upon the lack of supporting documentation, incorrect labor rates and other errors, we recommended disallowance of \$164,798, which represented about 1.3% of STV’s total billings (\$12.7 million) during the audit period.</p>	<p>Audits proposed disallowances of \$93,067 and \$72,000, respectively.</p>	<p>CATS agreed to pursue collection of the proposed disallowances.</p> <p>Auditors were satisfied with the majority of documentation supplied by STV in December 2013 and supported settlement agreement proposed by CATS Legal and agreed with STV.</p>	<p>A final settlement payment of \$27,783 was made by STV to the City in February 2014.</p> <p>During settlement negotiations, CATS, Internal Audit and STV developed procedures to be followed in the future which should resolve issues more quickly.</p>
<p>Finance</p> <p>Business Taxes Received Via County February 2012</p> <p>Scope: The audit reviewed the completeness of the City’s business tax revenues, which are collected by and received from the Business Tax Collections (BTC) Office of the Mecklenburg County Office of the Tax Collector (OTC). Business taxes include Business Privilege License Tax; and Vehicle Rental Tax.</p>	<p>While the County collects significant business tax revenues for the City (approximately \$72 million in FY11), additional revenues may go uncollected due to non-compliance by companies that are required to self-report their taxable income.</p>	<ol style="list-style-type: none"> 1. Finance to discuss with County actions to reduce non-reporting (e.g., matching databases, City and County purchase order changes). 2. EST Coordinator to contact and instruct ARRA project managers re. 24 non-compliant contractors. 3. Finance has added new controls to address a late receipt of vehicle rental tax. 4. Finance to review with County the cost-effectiveness of business tax audits, with increased emphasis on discoveries. 	<ol style="list-style-type: none"> 1. Finance completed re-drafted City purchase order language, with input from Legal. Informal discussions with the County were held periodically in 2013. 2. Completed. 3. Completed. Finance has added new controls to detect late receipts. 4. Completed. 	<p>A follow-up audit (near completion in February 2014) addresses each finding to ensure proper resolution. A final report is targeted for March 2014.</p>

ARRA Stimulus Audit
Energy Efficiency and Conservation Block Grant
February 27, 2014

City of Charlotte
City Auditor's Office
Gregory L. McDowell, CPA, CIA

**Energy Efficiency and Conservation Block Grant
ARRA Stimulus Audit
February 27, 2014**

Purpose and Scope

The purpose of the audit was to evaluate internal controls, compliance with ARRA requirements, and the accuracy of ARRA reporting. The audit focused on the Energy Efficiency and Conservation Block Grant (EECBG) funded by the American Recovery and Reinvestment Act of 2009 (ARRA). The audit period covered the grant from August 2009 through March 2013.

Auditors reviewed ARRA requirements issued by the Federal Office of Management and Budget (OMB). We also relied on guidance developed by the OMB for the Single Audit Act. The purpose of the Single Act is to promote sound financial management of federal awards, including effective internal controls and compliance with laws and regulations.

Auditors examined documents in the EECBG project database, on the City's SharePoint, and in project notebooks maintained by the project managers. This information included vendor and sub-recipient contracts, invoices and payroll support. Projects were sampled, based upon factors such as risk, complexity, compliance and dollar amounts. Auditors reviewed jobs reported to Federal agencies and compliance with sub-recipient monitoring policies. Project costs as recorded in the City's GEAC accounting system were tested, and grant documentation was examined.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). 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 provided a reasonable basis for our findings and conclusion based on our audit objectives.

Summary Results

The majority of project costs were found to be allowable and properly approved. However, costs totaling \$30,712 were paid in error and the majority were subsequently corrected. NBS has initiated appropriate actions to improve controls over such payments in the future. (See Finding #1, page four.)

Payroll monitoring has not been sufficient to comply with Davis-Bacon regulations. Adjustments are required to report full-time equivalents (FTEs) accurately. Errors were noted in previous §1512¹ reports. Finding #2 contains additional detail about these adjustments. Also,

¹ The required quarterly report, known as the "1512," is named from the referenced section of the ARRA federal bill. The §1512 report includes financial information, jobs as full-time equivalents (FTEs), and other required data for projects in progress at quarter-end.

monitoring of other ARRA grant requirements and Department policies needs improvement (Finding #3). NBS has updated its policies and procedures to address these findings.

Conclusion

NBS staff did not give adequate attention to certain requirements of the ARRA grant. NBS processes were not sufficient to ensure compliance with grant requirements. Near the conclusion of the audit, NBS management initiated several substantive corrective measures which satisfactorily address our recommendations.

Background

The City of Charlotte was awarded a \$6.78 million stimulus grant by the Department of Energy (DOE) on August 4, 2009, to implement an Energy Efficiency and Conservation Strategy. Specifically, the grant was to be used to reduce fossil fuel emissions, reduce total energy use of eligible entities, and improve energy efficiency in the building sector, the transportation sector and other appropriate sectors, while also creating jobs. Eighteen projects funded under the grant are listed in the table on the next page.

All ARRA grants were required to comply with new regulations that were more complex than normal grants. In addition, other factors were unique to the EECBG. This grant was particularly complex due to the wide range of projects and the coordination of project managers from eight different departments.

Staff turnover impacted a key position because of the high level of administration and the time necessary to train new employees. Also, The City Energy Coordinator had management authority without commensurate performance review. In some cases, this limitation affected the prioritization of projects.

Project Title	Budget Amounts	City Department
Commercial Building Retrofit Program	1,125,732	Neighborhood & Business Services
Neighborhood Energy Challenge	794,268	Neighborhood & Business Services
Residential Energy Efficiency Improvements	600,000	Neighborhood & Business Services
Charlotte Housing Authority – Parktowne Terrace Retrofit	250,000	Neighborhood & Business Services
Utilities Building (Brookshire) – Energy Improvements	900,000	Engineering & Property Management
Old City Hall Energy Improvements	504,000	Engineering & Property Management
Electric Vehicle Charging Stations and Vehicles	315,000	Engineering & Property Management
1-485 Park & Ride Energy Efficient Lightning Pilot	300,000	Engineering & Property Management & CATS
Energy Efficient Lighting – CMGC Parking Deck	195,000	Engineering & Property Management
Photovoltaic System – Discovery Place	126,000	Engineering & Property Management
Bike Project – Wendover Street and Beal Street Intersection	90,000	Engineering & Property Management
Solar Thermal Hot Water @ Public Facilities	4,905	Engineering & Property Management
Energy Efficient Computing	360,000	Office of the Chief Information Officer
Establish Energy & Sustainability Manager	336,066	City Manager’s Office
Vehicular Wayfinding and Parking / Messaging Signage	324,000	Charlotte Department of Transportation
Energy Efficiency & Conservation Strategy	245,129	City Manager’s Office
Outreach and Education	200,000	Corporate Communications
Center City On-Street Recycling	110,000	Solid Waste Services
Total	\$6,780,100	

Findings and Recommendations

1. Costs totaling \$30,712 were paid in error; the majority were subsequently corrected.

Fifty-two of 245 project expenses over \$10,000 were tested for allowed costs, proper approval, and completion prior to reimbursement. Documentation for one drawdown request of about \$15,000 was not provided to auditors and therefore could not be tested.

During our review of project expenses, Internal Audit noted that a project manager identified disallowed costs of \$30,712 on several invoices paid from March to June 2011. Subsequent invoices were credited (during the period August 2011 to April 2012) to resolve \$28,479 of the disallowed costs. Documentation to verify the difference of \$2,233 could not be located. Without documentation, the City may be required to return this amount to the grantor.

Although the disallowed costs were identified and returned, Neighborhood & Business Services (NBS) did not have an adequate process in place to prevent or timely detect the errors.

Recommendation

NBS should improve its invoice review process.

EECBG Project Manager Response

NBS agrees. Our updated “Invoice Review/Approval Business Process” addresses federal requirements including eligibility, Davis Bacon Certified Payrolls, and Contractor/Sub-contractor agreements. (See appendix A on page seven.)

2. Payroll monitoring has not been sufficient to comply with Davis-Bacon regulations.

Davis-Bacon² requires contractors to submit weekly-certified payrolls. Internal Audit tested a sample of payroll documents from the March 2010 to March 2013 period, and found that 52 were not certified. While this is a frequent finding of similar grants, a Project Manager (PM) is responsible to obtain the records timely, and to document any efforts that fall short of compliance.

ARRA guidelines require jobs to be reported as full time equivalents (FTEs). Accurate FTE reporting is the responsibility of the grantee. Hours on certified payrolls regularly do not

² The Davis–Bacon Act of 1931 is a federal law that establishes the requirement for paying local prevailing wages for laborers and mechanics on public works projects. The regulation applies to contractors and subcontractors performing on federally funded or assisted contracts in excess of \$2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works.

agree with FTEs reported on the quarterly §1512, requiring adjustments. In some cases, the FTEs reported could not be verified.

In January 2014, the ARRA reporting requirements were repealed by Congress. Shortly thereafter, corrections to FTE (reporting) were no longer allowed. However, Davis-Bacon will continue to apply to future grants.

Internal Audit also noted several deficiencies on the certified payrolls, including:

- Errors on the date range
- The date range was blank
- The rate of pay did not match the employees' pay stubs
- Payroll deductions were not reported
- Overtime pay and fringe benefits were not clarified

Recommendation

The EECBG Project Manager should work with the appropriate departments to develop a procedure and checklist for complying with all Davis Bacon requirements.

EECBG Project Manager Response

NBS agrees. Our updated "Invoice Review/Approval Business Process" addresses federal requirements including eligibility, Davis Bacon Certified Payrolls, and Contractor/Sub-contractor agreements. (See appendix A on page seven.)

3. Monitoring of other ARRA grant requirements and Department policies needs improvement.

Several instances of non-compliance with the Neighborhood and Business Services (NBS) Sub-Grantee/Partner monitoring procedures were noted. Either site visits were not completed or documentation is not available for three sub-recipients. In some cases, NBS decided to conduct desktop reviews instead. (NBS policy indicates that sites visits are optional.) However, site visits are required according to Federal regulations.

Initially, documentation was not provided to support the reimbursement requested from one sub-recipient prior to the draft report. After multiple requests by audit staff, the information was received and reviewed.

The EECBG coordinator was required to submit a quarterly Federal Financial Report (Form SF-425) within thirty days after the end of the reporting period. Auditors reviewed the quarterly reports from the quarters ended September 2011 through March 2013. Six of the seven reports were filed late; one was 47 days late.

The American Recovery and Reinvestment Act requires a certification on the City website that “the infrastructure has received the full review and vetting required by law and that the chief executive accepts responsibility that the infrastructure investment is an appropriate use of taxpayer dollars” before the City can receive federal recovery funds. The Bike Project at Wendover Street and Beal Street Intersection, with costs totaling \$80,505, was reported as an infrastructure project. However, the Project Manager did not post a §1511 certification on the City’s website. According to ARRA regulations, the §1511 certification is required prior to reimbursement. The EECBG coordinator is working with the federal agency to resolve this issue.

Recommendation

Neighborhood and Business Services should review and, as necessary, rewrite policy to clarify the requirements for site visits to sub-recipients, including verification of services and or goods received at locations managed by the sub-recipient.

In addition, NBS should complete a memo for each sub-recipient, documenting:

- a. The NBS staff and sub-recipient staff participating in site visits and desktop reviews
- b. All steps taken by NBS staff to verify the extent of monitoring that was actually completed, including any findings
- c. Subsequent solutions to the findings
- d. Agreement with the solutions verified by signatures of the PM and NBS manager

EECBG Project Manager Response

NBS agrees. We have revised our NBS Sub-Grantee/Sub-Recipient/Partner Monitoring Procedures to address this recommendation. (See Appendix B on page nine.)

Appendix A

Invoice Review/Approval Business Process

Invoices submitted on projects, which are subject to Davis-Bacon and/or Section 3 requirements, must be reviewed to ensure compliance with regulations prior to approval of payment.

(Note: To ensure that Developers/Contractors are informed of Davis-Bacon & Section 3 requirements, the Davis-Bacon (DB) Coordinator must attend pre-construction meeting.)

The following outlines the process in which invoices, along with supporting documentation, will be handled.

1. The Contractor/Developer will submit invoice, supported with required documentation, i.e.: certified payrolls, etc., to the Project Manager, DB Coordinator and City's Finance Division. (Note: Submittal of invoice & supporting documentation to Project Manager & DB Coordinator will allow for expediting of review & approval.)
2. The City's Finance Division will forward invoices to NBS- Financial Services through Image Now.
3. NBS- Financial Services will forward to the appropriate Project Manager.
4. Project Manager will verify that work was conducted as noted on invoice, stamp received on the invoice and forward to the DB Coordinator for review.
5. DB Coordinator will review documentation submitted with invoice and project file documentation:
 - Contractor/Sub-Contractor Agreement(s)
 - Wage Decision(s)
 - Pre-Construction Conference documents
 - Bid documents
 - Verification of Eligibility
 - Contractor/Sub-Contractor(s) Certified Payrolls. The Certified Payrolls must include and match the time-period that work was performed and payment requested. (Note: Review of the certified payrolls will be compared with the Employee Interviews to ensure employee wage matches payroll(s) submitted.)
6. If all information is complete and accurate, DB Coordinator will stamp received on payment request and forward to NBS Financial Services for approval.
7. If additional information is required, the following will occur:
 - a) DB Coordinator will route the payment request back to the Project Manager in (Image Now) and follow up with an email citing concerns/issues.

- b) Project Manager will notify Contractor/Developer to request submittal of additional information or provide corrective action to concerns/issues identified.
- c) Project Manager will forward information addressing concerns/issues and payment request to DB Coordinator for review.
- d) Upon review and approval of information submitted, DB-Coordinator will stamp received on the payment invoice and forward to NBS Financial Services for approval.

Appendix B
Neighborhood & Business Services
Sub-Grantee/Sub-Recipient/Partner Monitoring
Procedures
February 6, 2014

Purpose: This instruction establishes procedures for monitoring the financial and administrative aspects of the funds received by sub-grantees from the Federal or State Government through Neighborhood & Business Services (NBS).

Scope: This instruction shall apply to all sub-grantees for grant awards from the Federal or State Government, by way of NBS serving as the pass-through entity.

Reference: All grant awards to sub-grantees through NBS shall have in place a formalized contract or other written agreement between the parties, which shall include, at a minimum:

- Activities to be performed;
 - Time schedule;
 - Dollar limitation of the agreement, and
 - Preapproved budget-spending plan.
- A. Monitoring involves the process of observing the financial and administrative operations of the sub-grantee either through a periodic desktop review or site visit. The desktop review or site visit shall include all aspects of the financial management systems, procurement policies, property management, and budget procedures, in accordance with HUD's sub-recipient monitoring handbook for each funding source. Also, limited aspects of the personnel system should be reviewed if grant funds are being used to support positions. The Program Manager is the decision maker in regards to whether a desktop review or a site review is required for each sub-grantee.
- B. Most importantly, monitoring would include ensuring that the sub-grantee expends the federal funds on allowable expenses and that funds are used to supplement existing funds for program activities and not replace those funds that have been budgeted for the same purpose.
- C. The Program Manager or their designee shall be knowledgeable of all financial and administrative aspects of the sub-grantee's operations.

D. Site Visits —If the Program Manager determines a Site Visit is necessary to adequately monitor a sub-grantee, the Program Manager shall notify the sub-grantee in writing of the proposed visit at least three (3) weeks prior to the initial visit,. (See Exhibit A for sample of letter to schedule visit). On subsequent visits, the notification can be either by letter or by telephone to the sub-grantee.

- Opening (Entry) Conference: Upon arrival at the sub-grantee's location, the Program Manager or their designee shall meet with all participants on the grant to discuss the monitoring visit. This discussion shall take the form of a briefing. The grantee shall be advised of the purpose of the visit, the monitor's activities during the visit, and the exit conference that will occur at the conclusion of the visit.
- Exit Conference: At the conclusion of the site visit, an exit conference shall be held with the same principal officials present at the entry conference. During this conference, the officials shall be informed of the results of the visit. The sub-grantee shall be advised that a written report will be sent to them. Those items in the written report requiring corrective action should be addressed by the sub-grantee within 30 days of the date of the report.
- Report of Site Visit. Upon completion of a visit, the monitor shall prepare and submit a "Report of Visit" form (See Exhibit B), which shall set forth the concerns or findings in the financial and administrative areas and, where appropriate, recommend corrective actions.
 1. A report requiring corrective actions should include a list of specific deficiencies found during the visit and recommendations for correction. In response to this report, the sub-grantee shall submit a schedule for completion of the corrective actions. During the subsequent visit, progress on the completion of the corrective actions should be reviewed.
 2. The site visit report shall be transmitted by the Program Manager to the sub-grantee within 30 calendar days after the visit. In order to be effective, reports which recommend immediate corrective actions shall be transmitted to the sub-grantee as soon as possible after the visit. A copy of the report and the response shall be retained in the official grant file for future reference.

E. Desktop Reviews — If the Program Manager determines that a Desktop Review is necessary to adequately monitor a sub-grantee, the desktop review may consist of a phone call and reviewing the invoices along with backup documentation such as payroll records, requisitions, purchase orders, packing slips, paid invoices.

1. Report of Desktop Review. Upon completion of a desktop review, the Program

- Manager or their designee shall prepare and submit a "Report of Desktop" form (See Exhibit C), which shall set for the findings in the financial and administrative areas and, where appropriate, recommend corrective actions.
2. A report requiring corrective actions should include a list of specific deficiencies found during the desktop review and recommendations for correction. In response to this report, the sub-grantee shall submit a schedule for completion of the corrective actions. During the subsequent visit, progress on the completion of the corrective actions should be reviewed.
 3. The site visit report shall be transmitted by the Program Manager to the sub-grantee within 30 calendar days after the visit. In order to be effective, reports which recommend immediate corrective actions shall be transmitted to the sub-grantee as soon as possible after the visit. A copy of the report and the response shall be retained in the official grant file for future reference.

Reimbursement Requests

A. General Guidelines

1. Payment for services under a grant award is available on a reimbursement basis only. No funds can be reimbursed for expenses incurred before the grant start date or after the grant ending date.
2. Requests for payment will generally be made on a monthly basis with original receipts for approved budgeted expenses only. The Agreement between NBS and the sub-grantee outlines the specific agreement for invoicing frequency and payment arrangements.
3. All requests for payment must be accompanied by proper documentation. Failure to provide documentation will result in delay or denial of payment. All requests are monitored closely to ensure they are allowable costs.
4. Failure to submit required progress reports *will* result in the withholding of payment until all outstanding reports are submitted.
5. Invoices received that are not properly completed, and reflect amounts not clearly matching attached documentation, or are otherwise confusing or incorrect will be returned with a request to correct the form or documentation and will cause delay in reimbursement.
6. There will be no carryover past the contract date or grant award period. Funds remaining unused after the ending date of the grant award will be returned to the grantee agency.

Note: For projects which Davis-Bacon is triggered, see Appendix A, **Invoice Review/Approval Business Process**. If applicable, the monitoring will include evaluation of the Davis Bacon payment request process.

Exhibit A

Notification of Pending Site Visit

Date

(Sub-grantee Name and Address)

Dear (_____):

On (date) _____, (name of the Program Manager or their designee/s) _____ will be visiting (name of agency) _____ for the purpose of reviewing the financial and administrative areas for the funds awarded to the agency through the Neighborhood & Business Services (NBS) as funded by the United States Department of Housing and Urban Development (HUD).

This visit is part of the monitoring policy that NBS has incorporated into their grant program as recommended by HUD which provides for at least one monitoring per grant per year. During the visit, NBS will be reviewing all financial and administrative aspects of grant funds for internal controls and grant compliance. The visit should be helpful to grant program performance and will provide an opportunity to ask any questions or address problems that may exist at the time of the visit.

Please be sure that the appropriate personnel and all grant-funded financial and administrative documents are available for the review. NBS is looking forward to a successful site visit.

Sincerely,

Program Manager

CC:

Exhibit B

Site Visit Report

Grant Award #: _____

Report Date: _____

Date of Visit: _____

Report Prepared by: _____

Sub-grantee Agency:

Attendees:

Site Visit Findings:

Corrective Action Suggestions:

Exhibit C

Desktop Review Report

Grant Award #: _____

Report Date: _____

Date of Visit: _____

Report Prepared by: _____

Sub-grantee Agency:

Attendees:

Site Visit Findings:

Corrective Action Suggestions:

Governance and Accountability Committee

Purpose

The Governance and Accountability Committee will serve as an Audit Committee for the City. Each year, the City must prepare financial statements in accordance with reporting standards established by the Governmental Accounting Standards Board (GASB). These statements are also used to show compliance with Federal regulations, State statutes, IRS regulations, Local Government Commission (LGC) requirements, grant and bond requirements, and American Institute of Certified Public Accountant (AICPA) rules.

The statements are included in a document known as the Comprehensive Annual Financial Report (CAFR). Per NCGS Chapter 159-34, the statements included in the CAFR must be audited as soon as possible after the close of each fiscal year (July 1 – June 30). This audit is accomplished by an Independent (or External) Auditor. It includes an investigation of the accounting records and other evidence supporting the financial statements. At the end of the audit, the Auditor issues a report commonly known as the auditors’ opinion, which will indicate the fairness with which the financial statements present, in all material respects, financial position, results of operations, and cash flows in conformity with generally accepted accounting principles. It is this opinion which gives credibility to the financial statements and makes them acceptable to investors, bankers, governmental agencies, and other users.

Role of the Committee in the Annual Audit Process

Time	Task	Task Description
January – March, every 5 years*	Approve selection of Audit Firm used for rotating basis	Approval of the independent auditors based on the Request for Proposal (RFP) process used by the City on a rotating basis. The current RFP is for one year with four optional renewals but the timeframe could be adjusted by the GAC.
April	Chairperson of Committee signs audit contract on behalf of audit committee. City Manager also signs it to award contract.	Approval of an annual contract for the independent auditors, based on Local Government Commission (LGC) required contract.
April	Committee meeting with auditors	Annual meeting with the independent auditors during the planning of the audit to determine the scope of the audit and to identify particular areas, if any, where the Committee/Council would like the independent auditor to focus.
April – May	No Committee action required on this task	The independent auditors normally begin preliminary audit work in April through May.
July – December	No Committee action required on this task	Finance/Financial Reporting staff prepares the CAFR during July through December timeframe.
Late August – October	Availability of Committee for auditor concerns	The independent auditors normally return to resume audit work in August and they complete their work by the end of October.
November	Auditor presentation to Committee of results of audit	At the conclusion of the audit, the independent auditor and City staff presents the annual results of the audit to the GAC.
December – January	Committee presentation to full Council on results of audit	GAC reports to the full governing body on the annual financial statements and independent auditor’s reports.

* The current contract began with the audit of the FY13 CAFR and is for one year with four optional renewals (through the FY17 audit). At this point in the fiscal year, it would not be advisable to change auditors for the FY14 audit, but the GAC could consider making a change for the FY15 audit. City staff would need to be aware of this decision by December 2014 to meet deadlines.

2012 City Manager Evaluation Survey

Welcome!

The following is an electronic version of the City Manager's Evaluation Survey. Evaluation Material will be sent to you separately by the City Manager in the Friday, July 6, 2012 Council packet to help you in completing this survey.

Please take a few moments to think about the various responsibilities of the City Manager and rate his performance by checking the corresponding ranking (1=low satisfaction; 5=high satisfaction) for each of the 5 questions. An opportunity to provide additional comments under each criterion is also provided.

Two additional questions have been added this year asking you to assess three projects/areas demonstrating a high level of success for the City Manager and conversely, three projects/areas demonstrating a challenge.

All respondents' identities will be kept confidential. The deadline for responses to be submitted is Thursday, July 12, 2012.

There are five criteria for rating the City Manager:

1. Runs the Business
2. Builds the Community
3. Looks to the Future
4. Promotes Management Values
5. Develops People

2012 City Manager Evaluation Survey

"Runs the Business"

Please rate how the City Manager performed in this area.

* 1. "Runs the Business"

- Provides leadership to departments
- Designs service delivery strategies to meet changing customer expectations
- Facilitates organizational change, increased productivity, improved performance
- Develops financially responsible budget that reflects Mayor and Council priorities
- Maintains capital project schedules and budgets
- Monitors and measures performance via the Balanced Scorecard
- Communicates customer service focus
- Stays abreast of "best practices" of other cities

(1 = low satisfaction; 5=high satisfaction)

	1	2	3	4	5
1. Runs the Business	<input type="radio"/>				

Please provide specific comments on how the City Manager "Runs the Business" (Optional)

If you wish to save a copy of this page upon completing, select "print" from your file menu options and print this page prior to selecting "next."

2012 City Manager Evaluation Survey

"Builds the Community"

Please rate how the City Manager performed in this area.

***2. "Builds the Community" including implementation of Council Focus Area Plans and Priorities**

- Identifies areas needing policy direction
- Develops and implements Focus Area Plans and Priorities with Mayor and Council
- Ensures policy implementation
- Helps Mayor and Council keep citizens informed of policy changes
- Develops good working relationships with other governmental units, community groups and private sector
- Participates in community-building initiatives beyond the direct role of the City Manager

(1=low satisfaction; 5=high satisfaction)

	1	2	3	4	5
2. "Builds the Community"	<input type="radio"/>				

Please provide specific comments on how the City Manager "Builds the Community" (Optional)

If you wish to save a copy of this page upon completing, select "print" from your file menu options and print this page prior to selecting "next."

2012 City Manager Evaluation Survey

"Looks to the Future"

Please rate how the City Manager performed in this area.

*3. "Looks to the Future"

- **Thinks strategically**
- **Anticipates issues and problems and presents solutions**
- **Modifies plans in response to changing conditions**
- **Looks for opportunities for City to invest in its future**
- **Links resources and identifies potential partners**
- **Maintains the AAA bond rating, which is an indicator of overall financial health, including addressing long-range capital needs**
- **Positions the organization for continued success in the future**

(1=low satisfaction; 5=high satisfaction)

	1	2	3	4	5
3. "Looks to the Future"	<input type="radio"/>				

Please provide any comments on how the City Manager "Looks to the Future" (Optional)

If you wish to save a copy of this page upon completing, select "print" from your file menu options and print this page prior to selecting "next."

2012 City Manager Evaluation Survey

"Promotes Management Values"

Please rate how the City Manager performed in this area.

*4. "Promotes Management Values"

- Works in a non-partisan manner to position the Mayor and Council to succeed
- Fosters trust, respect, honesty, collaboration and openness
- Treats Mayor and Council in fair, equitable and constructive manner
- Works with Mayor and Council to define problems, focus desired outcomes
- Provides timely communication on major projects, initiatives and critical incidents

(1=low satisfaction; 5=high satisfaction)

	1	2	3	4	5
4. "Promotes Management Values"	<input type="radio"/>				

Please provide specific comments on how the City Manager "Promotes Management Values (Optional)

If you wish to save a copy of this page upon completing, select "print" from your file menu options and print this page prior to selecting "next."

2012 City Manager Evaluation Survey

"Develops People"

*5. "Develops People"

- Communicates Council policies and strategies to the organization to maximize performance
- Recruits and retains best workforce
- Recognizes importance of hiring a diverse workforce reflective of the community
- Provides leadership development at all levels of the organization

(1=low satisfaction; 5=high satisfaction)

	1	2	3	4	5
5. "Develops People"	<input type="radio"/>				

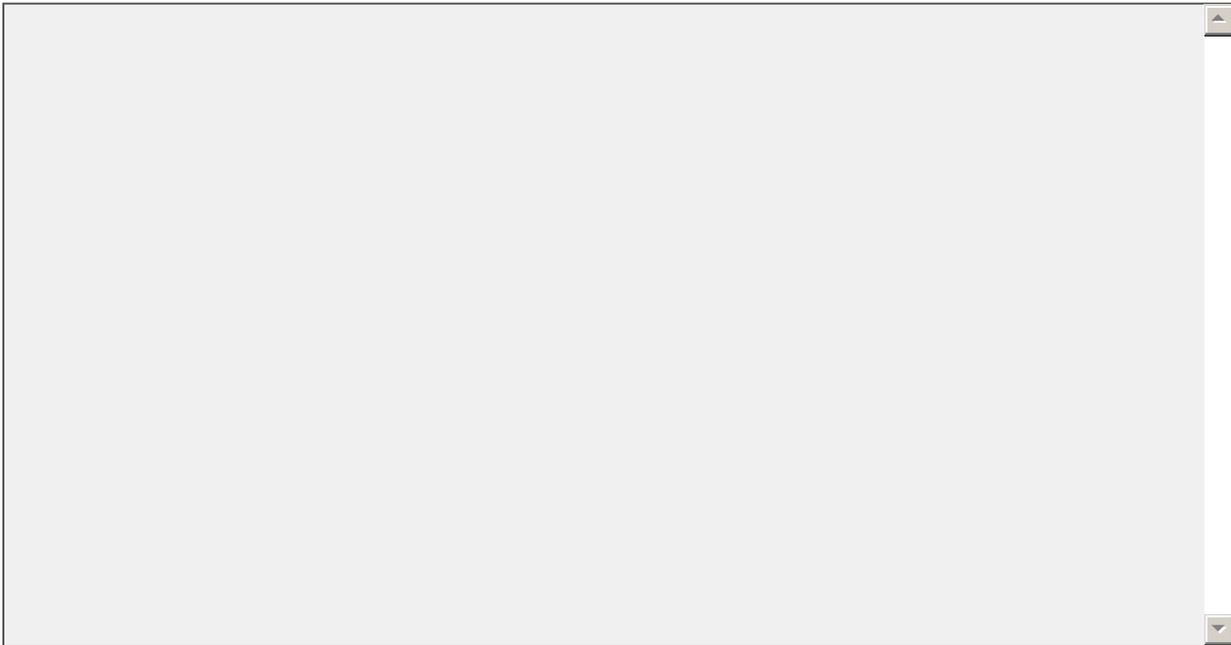
Please provide specific comments on how the City Manager "Develops People" (Optional)

If you wish to save a copy of this page upon completing, select "print" from your file menu options and print this page prior to selecting "next."

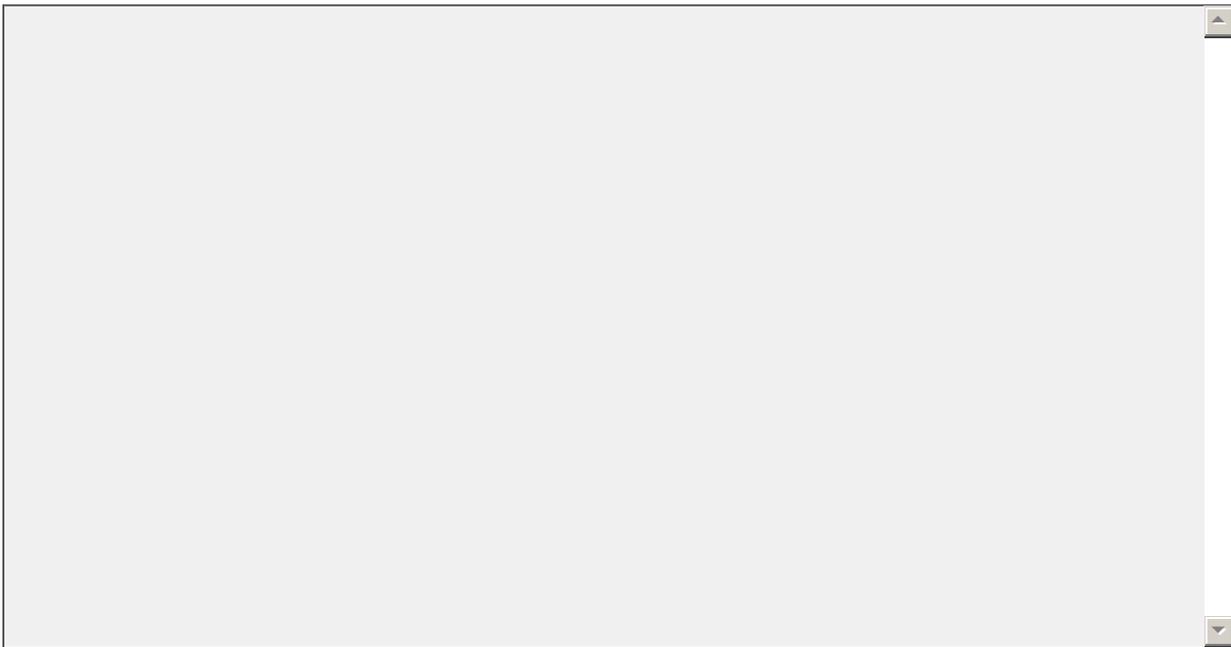
2012 City Manager Evaluation Survey

Successes & Challenges

***6. Please describe three projects/areas you feel demonstrate a high level of success for the City Manager over the past year.**

A large, empty rectangular text area with a light gray background and a thin black border. It is intended for the respondent to describe three projects or areas of success for the City Manager over the past year. A vertical scrollbar is visible on the right side of the text area.

***7. Please describe three projects/areas you feel demonstrate a challenge for the City Manager over the past year.**

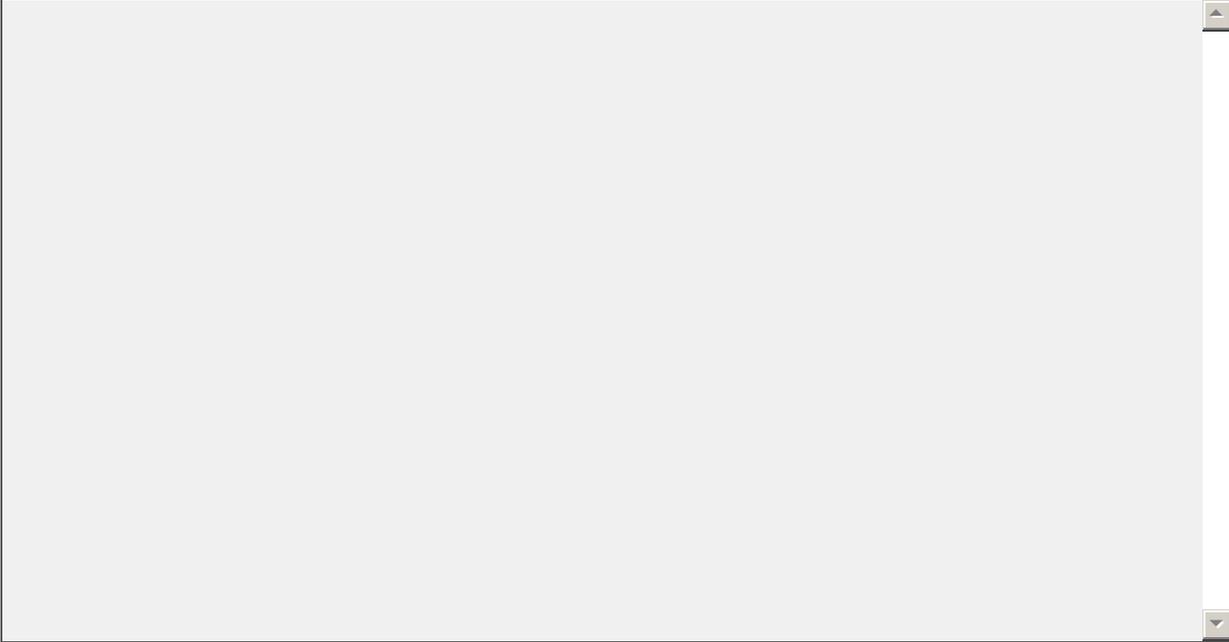
A large, empty rectangular text area with a light gray background and a thin black border. It is intended for the respondent to describe three projects or areas of challenge for the City Manager over the past year. A vertical scrollbar is visible on the right side of the text area.

If you wish to save a copy of this page upon completing, select "print" from your file menu options and print this page prior to selecting "next."

2012 City Manager Evaluation Survey

Priority Items

8. (Optional) Three priority items I would like to see accomplished by the City Manager in the next year are:

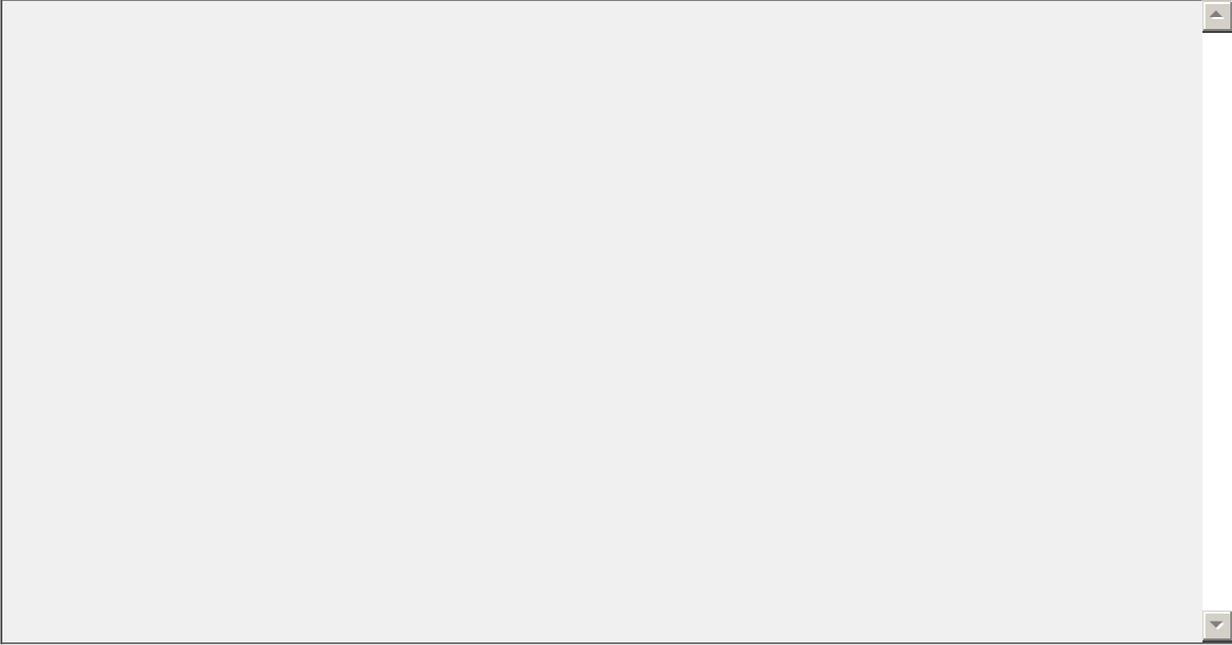


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2012 City Manager Evaluation Survey

General Comments

9. (Optional) General Comments



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2012 City Manager Evaluation Survey

Evaluation Complete

Thank you for completing this survey. Results will be compiled prior to the Council-Manager Evaluation meeting on July 23, 2012.

2013 City Attorney Evaluation Survey

Welcome!

The following is an electronic version of the City Attorney's Evaluation. Evaluation Material is being sent to you separately by the City Attorney in the Friday, August 9 Council packet to help you in completing this survey.

Please take a few moments to think about the various responsibilities of the City Attorney and rate his performance by checking the corresponding ranking (1=low satisfaction, 5=high satisfaction) for each of the 6 questions. There is also an opportunity to provide additional comments under each criterion.

In addition, there are two questions requesting you to assess three projects/areas demonstrating a high level of success for the City Attorney and conversely, three projects/areas demonstrating a challenge.

All respondents' identities will be kept confidential. The deadline for responses is Thursday, August 15, 2013.

There are six criteria for rating the City Attorney:

1. Council Policy Support
2. Legal Advisor
3. Awareness of Legal Trends
4. Management of Legal Affairs
5. Working Relations with Mayor and Council
6. Management of the City Attorney's Office

2013 City Attorney Evaluation Survey

"Council Policy Support"

Please rate how the City Attorney performed in this area.

* 1. "Council Policy Support"

- Identifies potential areas needing a policy or policy direction
- Reviews policy recommendations from a legal perspective
- Works with Mayor and Council to focus on areas needing policy development
- Works with City Management and staff to develop policy recommendations
- Communicates customer service focus

(1 = low satisfaction; 5=high satisfaction)

	1	2	3	4	5
1. Council Policy Support	<input type="radio"/>				

Please provide specific comments on how the City Attorney provides policy support (Optional)

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2013 City Attorney Evaluation Survey

"Legal Advisor"

Please rate how the City Attorney performed in this area.

*2. "Legal Advisor"

- Provides clear and understandable legal opinions and consistent interpretations of the law
- Recommends effective legal strategy on major policy issues and legal actions
- Helps Mayor and Council focus on desired outcomes, presents options for Mayor and Council, and points out potential legal consequences of policy actions
- Assists Mayor and Council in developing the City's legal position and strategy

(1=low satisfaction; 5=high satisfaction)

	1	2	3	4	5
2. "Legal Advisor"	<input type="radio"/>				

Please provide specific comments on how the City Attorney serves as legal advisor (Optional)

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2013 City Attorney Evaluation Survey

"Awareness of Legal Trends"

Please rate how the City Attorney performed in this area.

*3. "Awareness of Legal Trends"

- Identifies emerging legal trends
- Is aware of federal and state legislation and court decisions and their legal impacts on the City
- Supports the lobbying efforts from a legal perspective

(1=low satisfaction; 5=high satisfaction)

	1	2	3	4	5
3. "Awareness of Legal Trends"	<input type="radio"/>				

Please provide any comments on how the City Attorney is aware of legal trends (Optional)

If you wish to save a copy of this page upon completing, select "print" from your file menu options and print this page prior to selecting "next."

2013 City Attorney Evaluation Survey

"Management of Legal Affairs"

Please rate how the City Attorney performed in this area.

*4. "Management of Legal Affairs"

- Reviews departmental reports from a legal perspective
- Participates in negotiating major city contracts, leases and deeds
- Selects and manages law firms for contracted services
- Manages the litigation process and achieves positive results

(1=low satisfaction; 5=high satisfaction)

	1	2	3	4	5
4. "Management of Legal Affairs"	<input type="radio"/>				

Please provide specific comments on how the City Attorney manages legal affairs (Optional)

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2013 City Attorney Evaluation Survey

"Working Relations with Mayor and Council"

Please rate how the City Attorney performed in this area.

*5. "Working Relations with Mayor and Council"

- Provides timely communications to the Mayor and City Council
- Meets as needed with the Mayor and individual Council members
- Develops and maintains a relationship based on mutual trust and respect
- Provides feedback to Mayor and City Council and to each individual
- Treats Mayor and members of the City Council in a fair and equitable manner
- Follows up on individual requests for legal advice
- Provides a direct, understandable response to questions

(1=low satisfaction; 5=high satisfaction)

	1	2	3	4	5
5. "Working Relations with Mayor and Council"	<input type="radio"/>				

Please provide specific comments on how the City Attorney works with the Mayor and City Council (Optional)

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2013 City Attorney Evaluation Survey

"Management of City Attorney's Office"

Please rate how the City Attorney performed in this area.

*6. "Management of City Attorney's Office"

- Develops and manages the budget for the City Attorney's Office
- Recruits and retains a competent staff
- Promotes professional and career development of the Attorney's staff
- Develops an effective, efficient organization in the City Attorney's office
- Performs community and professional services

(1=low satisfaction; 5=high satisfaction)

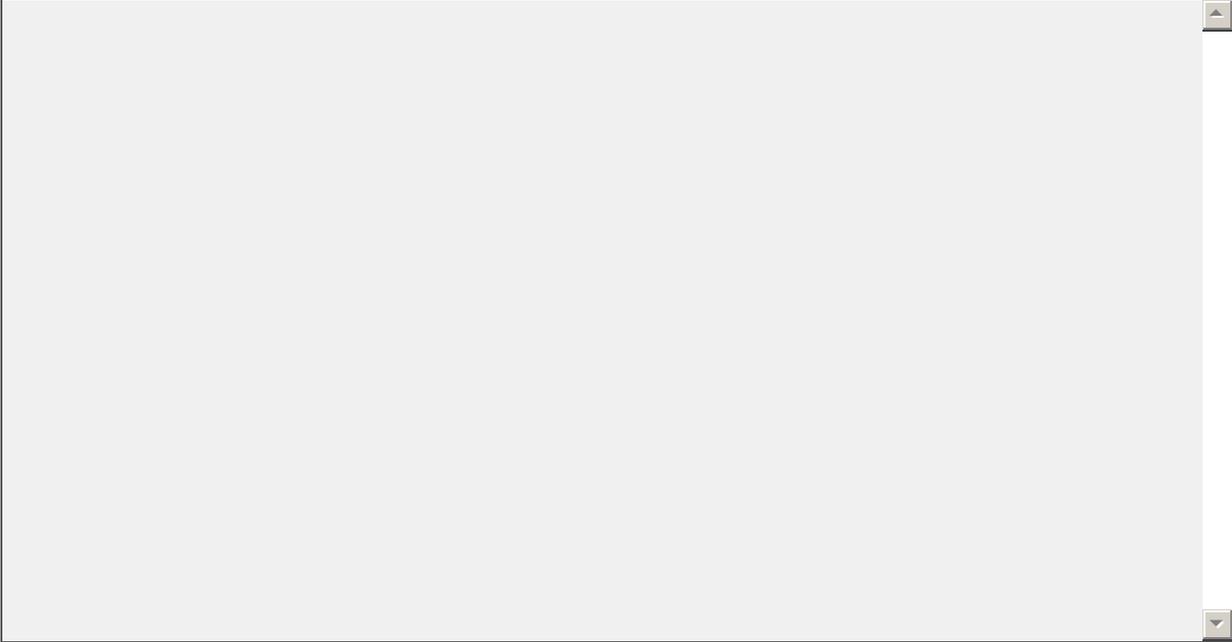
	1	2	3	4	5
6. "Management of City Attorney's Office"	<input type="radio"/>				

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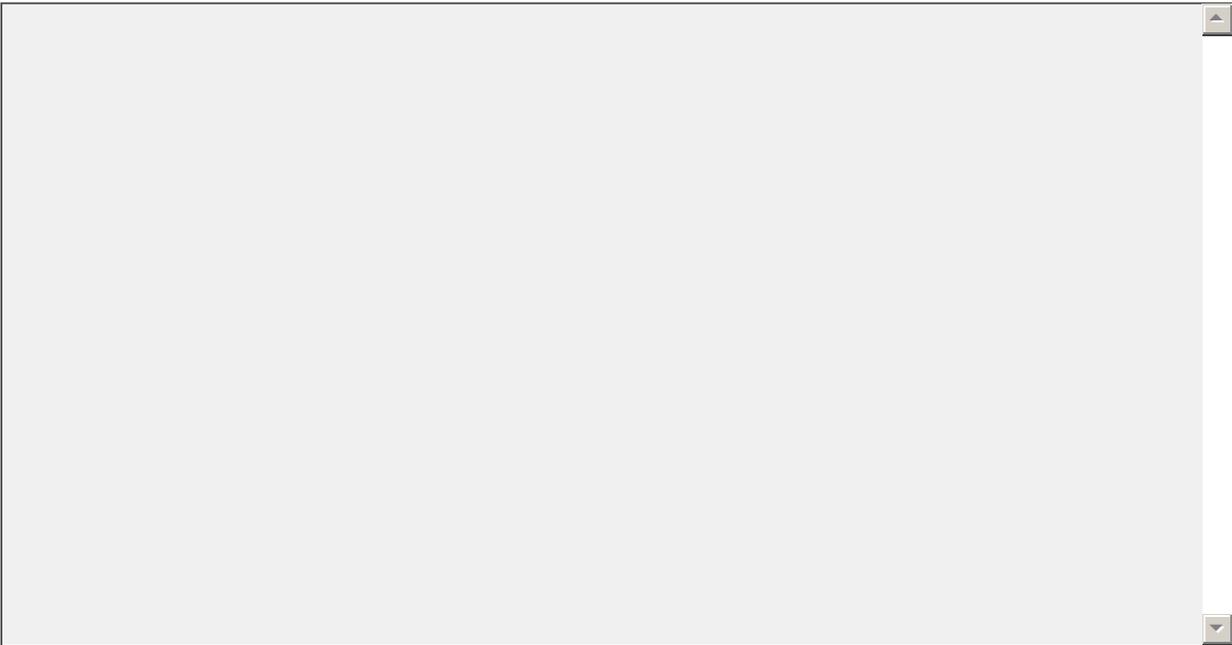
2013 City Attorney Evaluation Survey

Successes & Challenges

***7. Please describe three projects/areas you feel demonstrate a high level of success for the City Attorney over the past year.**



***8. Please describe three projects/areas you feel demonstrate a challenge for the City Attorney over the past year.**

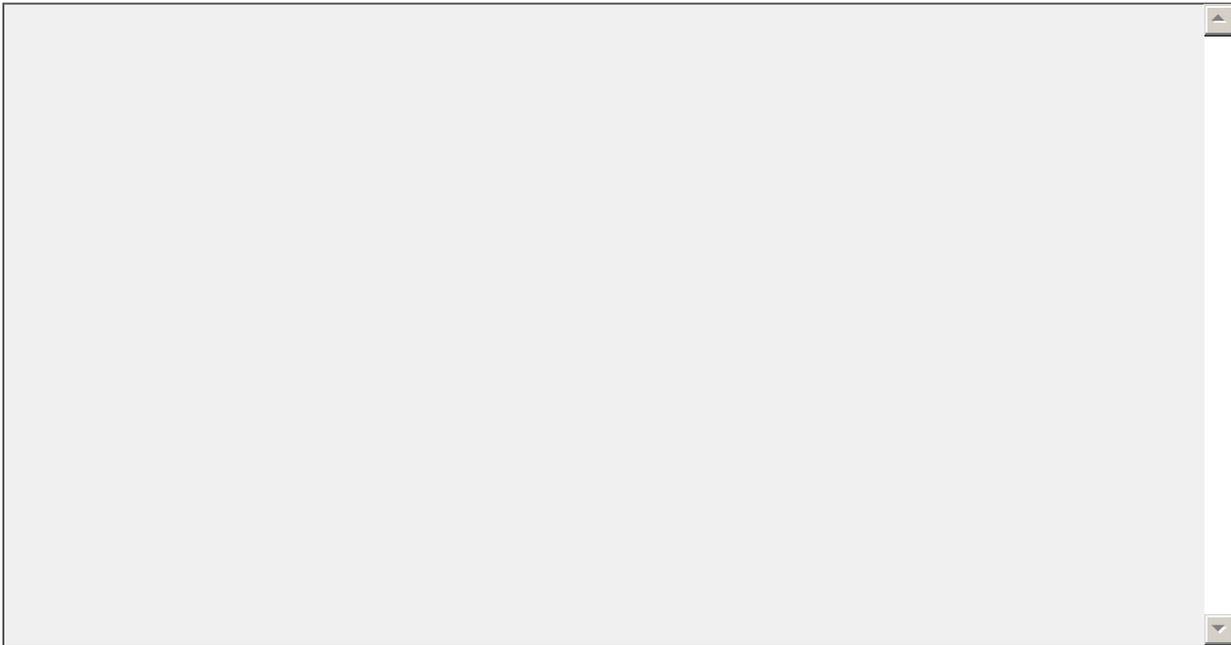


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2013 City Attorney Evaluation Survey

Priority Items

9. (Optional) Three priority items I would like to see accomplished by the City Attorney in the next year are:

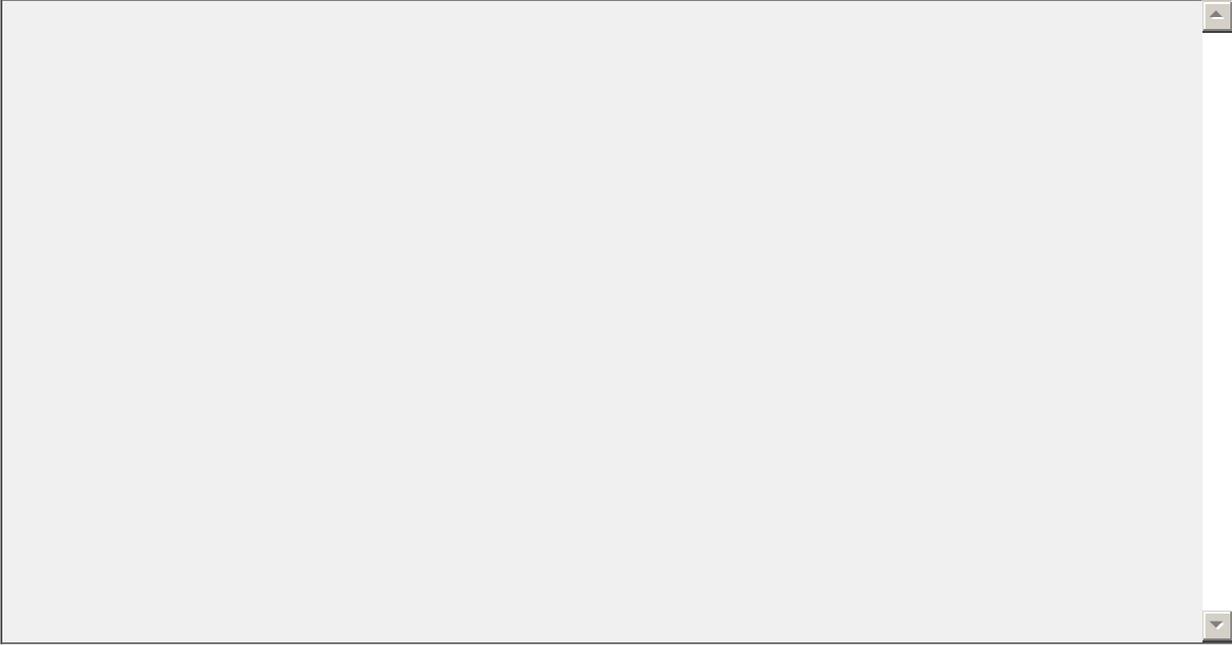


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2013 City Attorney Evaluation Survey

General Comments

10. (Optional) General Comments



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2013 City Attorney Evaluation Survey

Evaluation Complete

Thank you for completing this survey. Results will be compiled prior to the Council-Manager Evaluation meeting on August 26, 2013.