



WHAT'S INSIDE:	<u>Page</u>
Calendar Details	2
<u>Information:</u>	
Gartner Consulting Phase II Report	2-3
Internal Audit Report – Cash Collection FY16.....	3
<u>Attachment:</u>	
City Council Follow-Up Report.....	3
-CityLYNX Gold Line Operating Costs and Funding Sources	

WEEK IN REVIEW:

Mon (Aug 29)	Tues (Aug 30)	Wed (Aug 31)	Thurs (Sept 1)	Fri (Sept 2)
		12:00 PM Governance and Accountability Committee, Room 280		

CALENDAR DETAILS:

Wednesday, August 31

12:00 PM Governance and Accountability Committee, Room 280

AGENDA: Nominations and appointments process

August and September calendars are attached.



August-Sept
2016.pdf

INFORMATION:

Gartner Consulting Phase II Report

Staff Resource: David Weekly, E&PM, 704-336-4103, dweekly@charlottenc.gov

The City is partnering with Mecklenburg County in contracting Gartner Consulting to assess current operations and develop a future state with a focus on improved customer satisfaction and high-quality, cost effective delivery of development services including planning, permitting, and inspections.

In March 2015, Gartner Consulting submitted its Phase I report with recommendations for improved development services. Subsequently, the City and the County in collaboration with the development community has achieved the following: (1) established of a joint City / County staffed Unified Development Services Committee to review and implement cross jurisdictional initiatives; (2) initiated gateway checks across City and County to inform customers early in the plan review process of all City and County permitting requirements; (3) developed a unified vision and shared responsibilities statement for customers and staff; (4) began the automation of the rezoning process, (5) developed a permitting business wizard to assist novice customers through the permitting process for commercial projects; and (6) initiated the implementation of electronic plan submittal for Charlotte Water. At the June Transportation and Planning Committee, staff provided an update of this work as well as a demonstration of the permitting business wizard.

Gartner Consulting submitted its Phase II report with recommendations focusing on developing a future state delivery model. City and County staff has begun the analysis of the Phase II recommendations. Some of the recommendations reiterate Phase I recommendations including gateway checks; the implementation of a business wizard; and electronic plan submittal for Charlotte Water. New recommendations include rebranding the names of services; standardizing the inspection request process; reviewing the presubmittal meetings format; transitioning to a collaborative, concurrent and entirely electronic plan review process; creation of a single application and submittal point of entry; and the transition for both the City

and County to a First-In, First-Out (FIFO) plan review process. Currently, the City utilizes the FIFO approach for all reviews. Staff will continue to provide updates to the Transportation and Planning Committee.

The full report can be found online at: <http://development.charmeck.org>.

Internal Audit Report – Cash Collections FY16

Staff Resource: Greg McDowell, Internal Audit, 704-336-8085, gmcowell@charlottenc.gov

The purpose of this audit was to determine whether departments have established effective controls related to cash collections. As part of the City’s ongoing cash collection monitoring, Internal Audit performed unannounced audits of cash collections sites throughout the City.

Conclusion – The City’s cash collection policies and procedures are satisfactory. The Finance Office has continued to further strengthen cash collection controls.

Findings:

1. City-wide cash collection controls continue to improve.
2. Desktop depositing has streamlined the cash collection process
3. Revenue has effectively monitored cash collection activities.

A copy of the final report is attached below.



Cash Collection
FY16.pdf

ATTACHMENT:

City Council Follow-Up Report



26 -- Aug.pdf

-CityLYNX Gold Line Operating Costs and Funding Sources

August

<i>Sun</i>	<i>Mon</i>	<i>Tue</i>	<i>Wed</i>	<i>Thu</i>	<i>Fri</i>	<i>Sat</i>
	1	2	3	4	5	6
7	8	9 3:00pm Closed Session, CH-14	10	11	12	13
14	15	16	17	18	19	20
21	22 12:00pm City Attorney's Evaluation, Room CH-14 5:00pm Citizens' Forum/Council Business Mtg., Room 267	23	24 5:30pm MTC Meeting, Room 267	25 6:00pm CM Fallon's Town Hall Mtg., University City Library – 301 E. WT Harris Blvd.	26	27
28	29	30	31 12:00pm Governance & Accountability Committee Mtg., Room 278			

September

<i>Sun</i>	<i>Mon</i>	<i>Tue</i>	<i>Wed</i>	<i>Thu</i>	<i>Fri</i>	<i>Sat</i>
				1	2	3
4	5 Labor Day	6	7 12:00pm Housing & Neighborhood Development Committee Mtg., Room 280	8 12:00pm ED & Global Competitiveness Committee Mtg., Room CH-14	9	10
11	12 12:00pm Environment Committee Mtg., Room 280 2:00pm Transportation & Planning Committee Mtg., Room 280 5:00pm Council Business Mtg., Room 267	13 7:00pm CM Eiselt Town Hall Mtg., Myers Park Presbyterian Church – 2501 Oxford Pl.	14	15 12:00pm Community Safety Committee Mtg., Room 280 2:00pm Budget Committee Mtg., Room CH-14	16 9:30am – 3:30pm NLC Institute for Youth, Education & Families Briefing, TBD	17 9:00am – 12:00pm District 3 Budget Workshop, West Service Center – 4150 Wilkinson Blvd.
18	19 12:00pm Council Agenda Briefing (optional), Room 886 5:00pm Zoning Meeting, Room CH-14	20 9:00am – 4:00pm Special Session, TBD	21 9:00am – 12:00pm Special Session, TBD	22 12:00pm ED & Global Competitiveness Committee Mtg., Room CH-14	23	24
25	26 12:00pm Governance & Accountability Committee Mtg., Room 280 5:00pm Citizens' Forum/Council Business Mtg., Room 267	27	28 5:30pm MTC Meeting, Room 267	29	30	
ICMA Conference Kansas City, MO						

2016



CHARLOTTESM

INTERNAL AUDIT

**Audit Report
Cash Collections FY16
August 25, 2016**

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

Audit Report
Cash Collections FY16
August 25, 2016

Purpose and Scope

The purpose of this audit was to determine whether departments have established effective controls related to cash collections. As part of the City's ongoing cash collection monitoring, Internal Audit performed unannounced audits of cash collections sites throughout the City.

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

This report is intended for the use of the City Manager's Office, City Council and all City Departments.

Conclusion

The City's cash collection policies and procedures are satisfactory. The Finance Office has continued to further strengthen cash collection controls.

Summary Findings, Recommendations and Actions Planned

The following findings are detailed, beginning on page 3:

1. City-wide cash collection controls continue to improve.
2. Desktop depositing has streamlined the cash collection process.
 - In response to Audit's recommendation that efforts to expand desktop depositing should be continued, Finance plans to continue evaluating opportunities. Aviation is in the queue to implement desktop depositing this fall.
3. Revenue has effectively monitored cash collection activities.

Background

An audit was performed during 2014 examining the City's collection sites, with the results reported in October 2014. The audit was initiated to respond to both:

- An embezzlement of cash funds related to CATS' fare evasion fine collections at the City's Park It office, and
- A recommendation by the City's external auditors for increased monitoring of cash collection activities to ensure internal controls are properly designed and operating effectively.

A follow-up audit was conducted, with results reported in August 2015. The audit concluded that the City's cash collection policies and procedures are satisfactory and continue to improve. Revenue staff has made progress toward implementing previous audit recommendations, as summarized below.

Summary and Status of 2015 Findings and Recommendations

In the August 2015 report, Internal Audit provided findings and recommendations to improve internal controls over the City's cash collection activities. A current assessment of each finding follows:

1. City-wide cash collection controls; site consolidation; and electronic collections

Original Recommendation: The collection site controls matrix completed by Revenue staff in January 2015 should be regularly updated and used to evaluate the level of controls appropriate based on collection site activity. While it is Revenue's responsibility (per City Policy FIN 1, subsequently renamed MFS 1) to determine the required controls at each location, Audit notes Aviation Parking as an outlier among City locations for high cash revenues and no security cameras – and therefore, this location is strongly encouraged to be considered for upgraded controls, including cameras. Revenue should continue to research alternatives and consider reducing the number of cash collection sites throughout the City, as well as the electronic depositing options for satellite locations and online payment options City-wide.

Current Assessment:

- Revenue evaluates the matrix on a regular basis and proposes changes when necessary.
- Aviation and Revenue are collaborating to improve cash collection procedures and enhance controls related to parking operations.
- Revenue has led the effort to automate cash collections where possible, with the implementation of desktop depositing (several locations) and the ongoing development of online payment solutions (Fire and CMPD – Animal Care & Control were implemented during FY16).

2. Most checks are being deposited timely.

Original Conclusion: Internal Audit and Revenue staff worked together over several months to perform detailed reviews of potentially late deposits. The majority of

checks reviewed for possible noncompliant handling were found to have been received with a stale date. A few individuals were instructed to follow the existing policies more stringently. Revenue is establishing a new position which will allow continuing follow-ups of possible late deposits, and Internal Audit is satisfied with the overall high compliance rates that have been established.

Current Assessment: Audit staff did not find any stale dated checks on site visits during FY16. It should be noted that auditors only sampled a week or less of deposits during each audit. Revenue continues to monitor and report checks dated older than 30 days for follow-up with the Department.

3. *Revenue should continue to monitor cash collection activities.*

Original Conclusion: Revenue has established an improved process of working with all departmental Fiscal Control Officers. Revenue staff has an adequate plan to address our prior recommendations.

Current Assessment: See Finding #3 below, which details Revenue's effective monitoring efforts in FY16.

Audit Findings and Recommendations – 2016

1. *City-wide cash collection controls continue to improve.*

During FY16, audit staff visited eight cash collection sites throughout the City. Each was unannounced and the Department Director was notified of the audit as it was in progress. Following each review, auditors prepared a memo that was sent to the Department Director as well as Management & Financial Services detailing observations and any recommended actions. Overall, cash collection controls are improving City-wide. Many recommendations proposed after the site visits have been implemented, while departments have initiated discussions and are researching solutions for outstanding recommendations. Several improvements were noted – addressing audit recommendations, the Revenue Compliance Officer's (RCO) input, and departmental initiatives during FY16 – as follows:

- Installation of security cameras at various sites (Aviation and CDOT)
- Implementation of locked bank bags for transporting deposits (Aviation)
- Purchase of new safes for secure storage of deposits (CMPD – Animal Care & Control)
- Securing cash handling areas, including locked doors and tills (several)
- Desktop depositing (nine collection sites, detailed in #2 below)

2. *Desktop depositing has streamlined the cash collection process.*

In an effort to improve efficiencies within the cash collection process, a desktop depositing program was established in September 2015, following Revenue's initial

testing and implementation. Management & Financial Services' Risk Management Division served as the pilot for the desktop depositing program. After working through technical issues, the process has been running efficiently.

Desktop depositing allows the department to electronically deposit checks and money orders directly to a bank. For those collection sites adopting desktop depositing, the need for collection and transportation of checks is eliminated. The new process has aided the City's compliance with the State Statute that requires deposits within 24 hours, as well as reducing the number of people that handle the checks.

After the success of the pilot program, Engineering & Property Management – Cemeteries Division, Charlotte Mecklenburg Police Department Animal Care & Control, and Charlotte Water (New Services, Temporary Hydrant, IDS Fees) implemented desktop depositing during FY16. The initial results have been positive in each department.

Recommendation: The efforts to expand desktop depositing should be continued, wherever Finance determines appropriate and feasible.

Management & Financial Services Response: The Revenue Compliance Officer will continue to monitor City-wide compliance with controls and procedures related to cash handling and work with Departmental Fiscal Control Officers to evaluate and assess potential for reduction of cash collection sites. In areas where consolidation is not viable, automation of cash handling (i.e., desktop depositing) will be presented as an option. Aviation is in the queue to implement remote deposit capture this fall.

3. Revenue has effectively monitored cash collection activities.

Revenue has established a full time position within the division to assist with departments' compliance to State statutes and City policies related to cash collections. The RCO has established positive relationships with City departments and assists in the following areas:

- Recommends control improvements
- Visits cash collection sites periodically
- Desktop depositing implementation
- Improving iNovah's (City's cashiering system) reporting capabilities
- Policy revisions
- Annual confirmation of Department FCOs and designees

Audit staff worked with the RCO throughout FY16 to coordinate our combined coverage of cash collection sites, and will continue the collaborative effort to monitor cash collections throughout the City.



CHARLOTTE[™]

**City Council
Follow-Up Report**

August 26, 2016

August 22, 2016 – Council Business Meeting

CityLYNX Gold Line Operating Costs and Funding Sources

Staff Resource: Kim Eagle, Office of Strategy & Budget, 704-336-3700, keagle@charlottenc.gov

During the August 22nd Dinner Briefing on CityLYNX Gold Line Phase 2, Council members asked for additional information on the annual operating costs for CityLYNX Gold Line, and the funding sources supporting those costs.

Attached is the FY2017-2021 General Transit Pay-As-You-Go Fund Schedule from the Council Adopted FY2017 Strategic Operating Plan. As the Schedule shows, first year operating costs for Gold Line Phase 2 are estimated to be \$4.6 million. Combined operating costs for both Phase 1 and Phase 2 will be \$6.2 million during the first year of Phase 2 operations. Revenue supporting Gold Line operating costs, as well as other General CIP support for Transit, includes Vehicle Rental Tax, Motor Vehicle License, a portion of the City's sales taxes, and Gold Line fare revenue upon commencement of Phase 2 operations.



Transit PAYGO
Schedule FINAL.pdf

FY2017-FY2021 Community Investment Plan

4. TRANSIT INVESTMENT PAY-AS-YOU-GO-FUNDED PROJECT SUMMARY

FY2016 was the first full year of CityLYNX Gold Line Phase 1 operations, and federal funds to construct Phase 2 of the Gold Line were approved by Congress in FY2016. In order to accept these federal funds and proceed with Phase 2 of the Gold Line, the City established the Transit Investment Pay-As-You-Go Fund to isolate the dedicated funding sources to support the current Phase 1 operations and future Phase 2 operations of the CityLYNX Gold Line.

Dedicated revenues totaling \$145.3 million over five years to support the Transit Investment Pay-As-You-Go Fund include vehicle rental tax and motor vehicle license revenue, a portion of the City's sales taxes, and Gold Line fare revenue upon commencement of Phase 2 operations. Surplus revenue from vehicle rental tax and motor vehicle license in FY2017 and FY2018 is placed in a reserve for future needs associated with CityLYNX Gold Line Phase 3.

All but one of the revenue sources dedicated to the Transit Investment Pay-As-You-Go Fund are from existing revenue streams transferred from the General Pay-As-You-Go Fund. Future Gold Line fare revenue is the only new revenue programmed into this fund. Sales tax revenue supporting the Transit Investment Fund is from a partial transfer from the General PAYGO sales tax allocation, not from General Fund operating sales tax or from the dedicated Transit Sales Tax. There is no use of property taxes, General Fund operating funds, or other new fees and taxes to support the City's funding of the CityLYNX Gold Line or other transit-related expenses, such as the CATS Maintenance of Effort.

Below is a detailed schedule of revenues and expenditures for the five-year Transit Investment Pay-As-You-Go Fund.

TRANSIT INVESTMENT PAY-AS-YOU-GO PROGRAM SCHEDULE						
	FY2017	FY2018	FY2019	FY2020	FY2021	TOTAL
REVENUES						
Vehicle Rental Tax	\$ 11,507,607	\$ 11,737,759	\$ 11,972,514	\$ 12,211,964	\$ 12,456,203	\$ 59,886,047
Motor Vehicle License	14,039,736	14,320,530	14,606,941	14,899,080	15,197,062	73,063,349
CityLYNX Gold Line Fares	0	0	1,500,000	1,500,000	1,500,000	4,500,000
Sales Tax-Partial Transfer from PAYGO	0	0	2,331,288	2,597,618	2,875,866	7,804,772
TOTAL	\$25,547,343	\$ 26,058,289	\$ 30,410,743	\$ 31,208,662	\$ 32,029,131	\$145,254,168
EXPENDITURES						
CATS MOE	\$20,709,362	\$ 21,330,643	\$ 21,970,562	\$ 22,629,679	\$ 23,308,569	\$ 109,948,815
Transit Contribution to County & Towns	673,788	687,264	701,010	715,029	729,329	3,506,420
CityLYNX Gold Line Phase 1	1,533,357	1,564,024	1,595,305	1,627,211	1,659,755	7,979,652
CityLYNX Gold Line Phase 2	0	0	4,643,866	4,736,743	4,831,478	14,212,087
CityLYNX Gold Line Capital Reserve	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	7,500,000
CityLYNX Gold Line Phase 3 Reserve	1,130,836	976,358	0	0	0	2,107,194
TOTAL	\$25,547,343	\$ 26,058,289	\$ 30,410,743	\$ 31,208,662	\$ 32,029,131	\$145,254,168