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WEEK IN REVIEW:

Mon (Nov. 24)	Tues (Nov. 25)	Wed (Nov. 26)	Thurs (Nov. 27)	Fri (Nov. 28)
12:00 PM Governance and Accountability Committee, Room 280			Thanksgiving Holiday	
5:00 PM Council Business Meeting, Room 267				
6:30 PM Citizens’ Forum, Meeting Chamber				

CALENDAR DETAILS:

Monday, November 24

- 12:00 PM Governance and Accountability Committee, Room 280
AGENDA: City Manager and City Attorney evaluation process; Ethics review; Annual audit update.
- 5:00 PM Council Business Meeting, Room 267
- 6:30 PM Citizen's Forum, Meeting Chamber

Thursday, November 27-Friday, November 28

Thanksgiving Holiday

November and December calendars are **attached**.



Nov-Dec 2014
(2).pdf

INFORMATION:

November 24 – Taskforce for Economic Opportunity Press Conference

Staff Resources: Debra Campbell, City Manager's Office, 704-336-2671, dcambpell@charlottenc.gov

On Monday, November 24, the City of Charlotte, Mecklenburg County and The Foundation For The Carolinas will hold a press conference to announce the creation of a task force to address economic opportunity in Charlotte-Mecklenburg. The press conference will be held at 1:30 p.m. in the lobby of the Charlotte-Mecklenburg Government Center. City Council members are invited to attend.

The Taskforce for Economic Opportunity is designed to organize the multiple activities underway into a unified concentrated effort. A steering committee has been working to create the taskforce, identifying co-chairs for the taskforce, and is currently compiling a list of names for potential taskforce members, which will be reviewed by the City, County, The Foundation For The Carolinas and the co-chairs. Taskforce members will be selected from diverse sectors and backgrounds to bring experience and insight as they develop a list of draft recommendations to create greater opportunity for all residents.

December 4 – Talk About High Growth Entrepreneurship Event

*Staff Resources: Natasha Warren, NBS, 704-336-3980, nwarren@charlottenc.gov
Jerriane Jackson, NBS, 704-432-1311, jbjackson@charlottenc.gov*

The Mayor and City Council members are invited to attend the Talk about High Growth Entrepreneurship event on Thursday, December 4 from 2:00 p.m. to 4:30 p.m. at Dilworth Grille

located at 911 East Morehead Street. Networking will be held from 2:00 p.m. – 2:30 p.m., and the program will begin at 2:30 p.m.

The event is sponsored by the City of Charlotte and the Charlotte Entrepreneurial Alliance. Mayor Pro Tem Barnes will facilitate a panel discussion about community shaping and leadership engagement in high growth ecosystems. The event will feature Dr. Susan Amat, founder of [Venture Hive](#), an accelerator of economic development in Miami, Florida.

For additional information about the event please visit [TalkAboutQC.com](#). If Council members would like to attend, please contact Jerrienne Jackson at jbjackson@charlottenc.gov by Tuesday, December 2. A flyer for the event is attached.



112114_TalkAboutFlyer.pdf

City Manager’s Referral to Intergovernmental Relations Committee Regarding Amendments to Charlotte Firefighters’ Retirement System Act

Staff Resources: Thomas E. Powers III, City Attorney’s Office, 704-336-5877, tpowers@charlottenc.gov

The Charlotte Firefighters’ Retirement System is requesting that Council add its proposed Amendment Four and Amendment Five to the City's 2015 state legislative agenda. The Charlotte Firefighters’ Retirement System proposed technical amendments are required by the Internal Revenue Code to maintain the system’s status as a qualified pension plan under the Internal Revenue Code.

The Charlotte Firefighters’ Retirement System is a defined benefit pension system and exempt from Employee Retirement Income Security Act laws because of its governmental status under the Internal Revenue Code. The City, not the State of North Carolina, is the pension plan sponsor. The North Carolina General Assembly established The Charlotte Firefighters’ Retirement System pursuant to Chapter 926 of the 1947 Session Laws of North Carolina (“Act”) and has amended the Act numerous times over the last seventy years with the most recent amendment occurring in 2010. The Charlotte Firefighters’ Retirement System amends its Act to comply with federal or state laws, Internal Revenue Service regulations, and court decisions.

Amendment Four modifies the Act by (i) amending Section 12 to set forth a framework for reimbursement of contributions or a deferred benefit for any firefighter who is unable to return to employment with the Charlotte Fire Department on account of death or disability while performing qualified military service on or after January 2007; (ii) adding Section 13.1(b)(5) to authorize a non-spouse beneficiary to rollover his/her benefit to an Individual Retirement Account if the distribution occurs after December 31, 2009; (iii) adding Section 13.1(b)(6) to authorize a participant or beneficiary to rollover his/her benefit to a Roth Individual Retirement Account if the distribution occurs after December 31, 2007; and (iv) adding Section 23.1 to authorize a firefighter to receive a distribution for retiree health insurance premiums. This provision will only be valid between January 1, 2007, and December 31, 2012.

Amendment Five modifies the Act by amending Section 13.1(b)(1) to delete a specific Internal Revenue Code reference.

Pursuant to Section 39 of the Act, the eleven member Charlotte Firefighters' Retirement System Board of Trustees approved these technical amendments on October 23, 2014. Council is required by Section 40 of the Act to approve these technical amendments prior to them being considered by the North Carolina General Assembly for approval. The Charlotte Firefighters' Retirement System must submit its amended Act to the Internal Revenue Service by 2016 to maintain its status as a qualified pension plan under the Internal Revenue Code.

This issue is referred by the City Manager to the Intergovernmental Relations Committee. If approved by that committee, full Council approval will be sought for these changes and to add these items to the state legislative agenda.

Charlotte Douglas International Airport Opens New Hourly Deck

Staff Resources: Brent Cagle, Aviation, 704-359-4035, bdcagle@cltairport.com

Herbert Judon, Aviation, 704-359-4844, hjudon@cltairport.com

The Airport's new Hourly Deck opened Thursday, providing 4,000 public parking spaces on the top four levels just in time for the holiday travel rush. It's the first time in almost two years that the Airport has provided parking within walking distance to the terminal. The opening marks a major milestone in the CLT 2015 Development Program.

Drivers may park in the deck for free the first hour. After the initial 60 minutes, the cost is \$1 for each additional half hour with a maximum daily rate of \$20.

The \$120 million deck, which took three years to build, is 3.2 million square feet (twice the size of the terminal) and covers 12 acres. It includes: four Pay&Go stations, nine electrical vehicle charging stations for 18 vehicles, west and east helixes (i.e. corkscrew shaped ramps), 3,000 induction fluorescent lights, a Distributed Antenna System for cell phone coverage, restrooms on level two and animal relief areas on the exterior. The top four public levels contain aviation-themed icons –a space shuttle, airliner, Wright Flyer and hot air balloon- to help drivers remember where they parked.

Access to and from the terminal is available on the second level. Customer representatives are positioned throughout the parking structure to assist passengers.

The deck's bottom three levels include a future rental car return facility with 3,000 rental car spaces, check-in counters and a service area to wash and refuel the vehicles. When completed, passengers will pick up and return their rental vehicles inside the deck. It is scheduled to open in February 2015.

A fast fact sheet is [attached](#).



Hourly Deck - Fast
Facts.pdf

Band Trees Now to Prevent Fall Cankerworms Expansion

Staff Resource: Don McSween, E&PM, 704-336-5752, dmcswen@charlottenc.gov

Charlotte residents are encouraged to band trees before female cankerworms begin crawling out of the ground and climbing trees to lay eggs in December and early January. Tree bands trap the female caterpillars before they reach the tree tops, preventing the laying of millions of eggs. “Tree banding is our best defense in protecting Charlotte's beautiful but aging tree canopy from damage and defoliation,” said City Arborist Don McSween.

The City has contracted to have bands put on more than 6,000 Willow Oak street trees 24 inches in diameter and larger. The highest counts last year were in west Charlotte around the airport, south Charlotte along Providence Road, and east Charlotte in the UNCC/ Plaza Road Extension area. Again this year the City will place monitoring bands at scattered sites to verify the population of fall cankerworms. These monitors will measure the cankerworm population every year to determine if the caterpillar feeding is affecting the health of the tree canopy. If necessary City Forestry staff would decide to recommend aerial spraying, as last done in 2008, based on those results.

Resources on tree banding, including instructions on how to band, grants to cover the cost of banding, and local vendors selling tree banding supplies can be found on the City's cankerworm website: <http://cankerworm.charmeck.org>

Charlotte-Mecklenburg Storm Water Services Recognized for Excellence in Communication

Staff Resource: Jennifer Smith, E&PM, 704-336-7924, jgsmith@charlottenc.gov

Charlotte-Mecklenburg Storm Water Services won first place in the 2014 National Association of Flood and Stormwater Management Agency's Excellence in Communications Contest for its “Your Car is Not a Boat!” flooding public awareness campaign.

The agency's Excellence in Communications Awards Program was designed to recognize effective flood awareness and pollution prevention communications taking place across the United States.

Charlotte-Mecklenburg Storm Water Services' “Your Car is Not a Boat!” campaign reinvigorated local flood safety outreach and engaged the public in saying – and singing – an important life-saving message. The campaign creatively built upon the National Weather Service's trademarked phrase, “Turn Around, Don't Drown.”

The centerpiece of the campaign was the catchy song used first in advertisements, then in a [Sing the Jingle](#) contest where citizens performed the jingle. The approach successfully used fun instead of fear to grab people's attention.

Charlotte-Mecklenburg Utility Department Wins Big at Annual Conference

Staff Resource: Barry Gullet, Utility Department, 704-336-4962, bgullet@charlottenc.gov

NC American Water Works Association-Water Environment Association is the 3,000+ member professional organization providing training, support, and leadership for the water and wastewater industry in N.C. The organization is the state affiliation of the American Water Works Association (AWWA) and the Water Environment Federation.

During the association's annual conference November 17-19, industry awards were presented to honor achievements in the water and wastewater industry.

CMUD staff were recognized in a number of categories. The winners were:

- **Jackie Jarrell** was presented with the prestigious Arthur Sidney Bedell Award for her service and dedication to the association and industry. This is a national recognition and one of the highest honors bestowed by the Water Environment Federation. Jackie is also serves on the federation's highest governing board as a Trustee, which is an international level role.
- **Angela Lee** was presented with the prestigious Warren G. Fuller Award for her service and dedication to the association. This is a national recognition and one of the highest honors bestowed by the American Water Works Association.
- **Bert Galleher** received the Kenneth J. Miller Award for his years of service and dedication to the work of Water for People.
- CMUD is the winner of the **Wastewater Collection System of the Year** (Large Systems) for the second consecutive year.
- **Carolyn Ross** was inducted into the "Select Society of Sanitary Sludge Shovelers" in recognition of her service to the association and the industry.
- **Mark Krouse** received the "AWWA Meritorious Operator of the Year" Award and was recognized for his work which earned the national "AWWA Section Education Award." Mark led the construction of a mobile backflow prevention training laboratory which has been used to train many, many professionals.
- CMUD's Operations Challenge Team known as "Operational Hazards" won first place overall in the Operations Challenge competition and will represent N.C. at the national competition. Members of that team are **Ben Silvers, Jack Reece, Travis O'Leary, Clifton Messer, and Andy Taylor** (Coach).
- **Ron Weathers, Barry Shearin, and Barry Gullet** were presented the "AWWA Silver Water Drop" Award for 30 years of membership.

Many CMUD staff have participated throughout the year and/or during the conference on technical, support, educational, or governance related committees and contributed in many meaningful ways to the success of the Annual Conference or to the success of Association's work this year. They continue CMUD's long-standing participation in advancing the water and wastewater industry through service and innovation.

ATTACHMENTS:

October 27 Governance and Accountability Committee Summary



GAC Committee
Meeting Summary Pa

November

<i>Sun</i>	<i>Mon</i>	<i>Tue</i>	<i>Wed</i>	<i>Thu</i>	<i>Fri</i>	<i>Sat</i>
						1
2	3 2:00p Council Retreat Planning Committee Meeting CMGC – LCR -15 th Fl. 5:00p Council Workshop/ Citizens' Forum	4	5	6 10:00a Economic Development Committee Tour of Amateur Sports Initiatives, Meet in Circle on 4 th St.	7	8
9	10 12:00p Intergovernmental Relations Committee Meeting, Room 280 2:00p City Manager Quarterly Briefing Room CH-14 3:30p Transportation & Planning Committee Meeting Room 280 5:00p Council Business Meeting	11 12:00p Community Safety Committee Meeting, Rm. 280	12 12:00p Housing & Neighborhood Development Committee, Room 280 2:00p Environment Committee, Room 280	13	14	15
16	17 5:00p Council Zoning Meeting	18 6:30 - 8:00p District 6 Town Hall Meeting @ Morrison Regional Library, 7015 Morrison Blvd. (28211)	19 5:00p Metropolitan Transit Commission, Room 267	20	21	22
			NLC CONGRESS OF CITIES AND EXPOSITION Austin, Texas			
23	24 12:00p Governance & Accountability Committee Mtg., Room 280 5:00p Citizens' Forum/ Council Business Meeting	25	26	27 THANKSGIVING DAY HOLIDAY	28 THANKSGIVING HOLIDAY	29
----- 30					2014	

December

<i>Sun</i>	<i>Mon</i>	<i>Tue</i>	<i>Wed</i>	<i>Thu</i>	<i>Fri</i>	<i>Sat</i>
	1 3:00p Intergovernmental Relations Committee Meeting, Room 280 5:00p Council Workshop/ Citizens' Forum	2	3	4	5	6
7	8 8:00a Chamber's Quarterly Elected Officials Breakfast Meeting @ UNC Charlotte Center City – Room 1104 3:30p Transportation & Planning Committee Meeting Room 280 5:00p Council Business Meeting	9	10 12:00p Housing & Neighborhood Development Committee, Room 280 2:00p Environment Committee, Room 280	11 12:00p Community Safety Committee Meeting, Rm. 280	12	13
14	15 8:15am Joint Council-Mecklenburg State Delegation Meeting, Room 267 5:00p Council Zoning Meeting	16	17 12:00p Economic Development Committee, Room 280	18	19	20
21	22 12:00p Governance & Accountability Committee Mtg., Room 280	23	24	25 CHRISTMAS DAY HOLIDAY	26 CHRISTMAS HOLIDAY	27
28	29	30	31			
						2014

TALK ABOUT

HIGH GROWTH ENTREPRENEURSHIP

Thursday, December 4, 2014

2:00 - 4:30p.m.

Networking from 2:00 - 2:30 p.m.

Program begins at 2:30 p.m.

As we Talk About Charlotte's high growth entrepreneurship community, join us for a lively discussion about community shaping and leadership engagement.

Sponsored by the City of Charlotte and the Charlotte Entrepreneurial Alliance, the roundtable will be facilitated by Mayor Pro Tem Michael Barnes, the City's Economic Development Committee Chair.

Dilworth Grille

911 East Morehead Street

Charlotte, NC 28204

Free event & food provided

RSVP to JBJackson@charlottenc.gov by Tuesday, December 2nd

For more information visit, www.TalkAboutQC.com.



Hourly Deck - Fast Facts

- The new Hourly deck contains 7 levels and 7,000 parking spaces.
- The top four floors house 4,000 public parking spaces. (Opened November 20, 2014)
- The bottom three floors of the deck will include a rental car return facility with 3,000 rental car spaces, check-in counters and a service area to wash and refuel the cars. (Opens in February 2015)
- Once completed, passengers will pick-up and drop-off their rental vehicles inside the deck, eliminating shuttles to and from Rental Car Road.
- Construction began in December 2011.
- Total cost is \$120 million, funded with a combination of General Airport Revenue Bonds and Contract Facility Charge Bonds.
- The deck is 3.2 million square feet and covers 12 acres.
- It includes: 4 Pay&Go stations, 9 electrical vehicle charging stations for 18 vehicles, 2 helixes (West and East), 3,000 induction fluorescent lights, a Distributed Antenna System (DAS) for cell phone coverage, restrooms on level 2 and animal relief areas outside the deck.
- The parking structure includes the use of sustainable building materials – glass, stainless steel and concrete.
- Rate: The first hour is free. After the first hour, the charge is \$1 for each additional half hour with a maximum daily rate of \$20.
- Archer Western Contractors, Ltd. is the general contractor.



Charlotte City Council

Governance & Accountability Committee

Meeting Summary for October 27, 2014

COMMITTEE AGENDA TOPICS

- I. **Subject:** City Manager and City Attorney Evaluation Process
- II. **Subject:** Internal Audit Update – Cash Collections Audit
- III. **Subject:** Next Meeting
Monday, November 24, 2014 at noon in Conference Room 280

COMMITTEE INFORMATION

Present: Council Members David Howard, LaWana Mayfield, John Autry, Patsy Kinsey, Greg Phipps and Vi Lyles

Other: -

Time: 12:00 p.m. to 1:25 p.m.

ATTACHMENTS

1. Agenda Package

Governance & Accountability Committee

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DISCUSSION HIGHLIGHTS

Committee Chair Councilman David Howard called the meeting to order and asked those in attendance to introduce themselves.

City Manager and City Attorney Evaluation Process

Staff Resources: Ron Carlee, Bob Hagemann and Cheryl Brown

Howard: First up we have a continuation of the conversation we had now for a couple of years and that is the City Manager and City Attorney evaluations moving forward. Today we are talking about goals and process. So I will turn it over to Carol

Jennings: We have two items on the agenda for the committee. Last time we met you received the City Attorney and City Manager work plan and asked that Bob (Hagemann) expand his a little bit and that Ron (Carlee) have conversation with Council Members and that has taken place so we have that back on the agenda. And the second action is to assess the effectiveness of the process and provide the recommended changes to Council if we have any. So depending on the committee's action we will bring both of these actions to the full Council

Howard: So let's jump into Ron's proposed goals. This committee has had this for a while and full Council had it back during evaluations and it has been revised based on input from Council. Ron can you go through and do some highlights of the six sections and then we can go from there?

Carlee: I've had conversations with most of Council, not everybody yet. I still have a couple that I'm working through, had some today. What I have done with Council members individually or with small groups is review the structure, highlight a couple of items for them to be aware in particular of the changes based on the feedback I received from Council in the previous meeting and I made two asks of people. Number one, is there anything missing that needs to be here based on the discussion of Council on things that people have thought of before? Secondly, is there anything on here that Council doesn't want me to do?

Howard: OK that's pretty easy

Autry: I wonder Mr. Manager on Item #1 the 5th bullet, should that be Lynx Blue Line Extension / Gold Line City limits?

Carlee: This one was intended specifically on Blue Line. Not that the Gold Line plans are not important but the Gold Line plans that are on the table right now subject to our grant really only take us to Johnson C. Smith. So I don't know that there is a lot of additional planning around that one to align the stationary plan. The area that is under particular concern that we are polling now

Governance & Accountability Committee

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separately is Gateway which is probably the most significant sight that needs attention that would be impacted by phase 2 of the Gold Line.

Howard: The only thing I can tell you Ron is the TOD planning around where the stops will be on the Street Car need to be as intentionally thought through. So at the Gateway there is a lot at this point but where it stops along Trade and East Trade we've actually heard some people fuss about the closure I think we have some of the same opportunities. I know it's already dense but just a review wouldn't hurt anything

Carlee: I think the issues there are more in terms of the stops and designs than it is actually the transit oriented development. Those are some of the concerns that I've heard raise specifically by Center City Partners. Sort of wrapping it up where I was, the idea that I would pose to the committee based on another comment in terms of making sure that all Council members hear the same thing together is that we would have this as a focus in the next meeting on November 10th. We will go through the whole thing so that everybody has an opportunity to give me feedback and hear one another give me feedback on either this version or any revisions based on comments we receive in the future

Howard: I think that would be to make a recommendation from the Committee to Council that would be fair at that meeting. So run through the five real quick to just remind everybody when we will vote on them

Carlee: There are actually six of them and they are the same six that we used last year and patterned off what previous Council used for previous City Managers. The first one is a very large ultimate goal or objective and that is Building Community. The highlight here is the work around getting a strong neighborhood focus going off feedback obtained from performance review. This is very high level so if you want me to go deeper then let me know.

Howard: I'm trying to figure out should the Community Investment Plan implementation of that – we've pulled pieces of it in this but should we say something about just making sure we're implementing that?

Carlee: That one may be in the #6 Item but will probably fall more into item #2 which is the Operational Leadership. Item #2 gets into the core of day to day responsibilities of the City manager. Items #1 and #2 are on a continuum. Item #6 is the catch all. We're operating in a dynamic environment where there are always new things coming in at us. Items in #6 can be both integrated into #1 or #2 but it's more convenient to put it as a catch all item.

Lyles: Sometimes in the Building Community I ask where are the big things? Where do we say Community Investing? Where do we say Planning? When you look at this strategically what are we trying to do? When I read this under Building Community I just miss where we are measuring

Governance & Accountability Committee

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those big things that move the ball down the road. I wonder if there are some things that truly are key to success long term that need to have some capture under that Building Community. The two that I look at, are we structured to deliver the right programs in our neighborhoods? The other one is the vision for the transit oriented development along the Blue Line Extension. It's a general comment. You asked us to read this and think a little bit and I started thinking what's really important in terms of actualizing our big plans.

Howard: My comment was more about where we will spend money but what I heard you say was there are some bigger long term objectives. Ron, you were trying to get at more tactical things that happened in the 12 month cycle. Some of the things Vi was talking about were some of the things that we will never forget that drives all of these. So I don't know if there's a step between these some kind of way, something that says overall what we're doing.

Lyles: I don't really care how we lay it out but again to me how will we know that the Manager paid attention to the long term actions that have to be implemented over year one, year two? You have to break them down to incremental steps at some point without waiting five years.

Carlee: I am open to any way that would be helpful in capturing both of these notions in a way that is more obvious and more compelling.

Howard: But what we are talking about is the evaluation process. We hear about the Focus Area Plan during budget time but I don't think I ever remember hearing about it during the evaluation process. I think a review of the Focus Area Plan should be integrated into the evaluation process some kind of way. I don't think we even mentioned it while we were talking through review this year. OK, let's move on. I will just mention Special Projects real quick. Neighborhood Redevelopment, Charlotte Business Inclusion Program, Façade and Security Improvements Program, Arena Negotiations, immigration Integration Task Force, Mecklenburg Livable Communities Plan, Joint Communications Center, Solid waste Long-term Plan, Corporate Communications, Permitting and Inspections, Historic Districts, Coal Ash and Airport Taxi Contracts. Those will be the things that the City Manager will spend time on over the next year. Is there anything missing from this list? Because I want a recommendation from this committee to go to the full Council during his evaluation on the 10th to say this is what we are supporting as his goals for the year.

Autry: Mr. Chairman, I would recommend this committee accept the evaluation criteria from the City Manager's Office to full Council for approval and consideration for next year's evaluation

Mayfield: Second

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Howard: Any questions on the motion? This is a first so we probably won't get this one right. We will work through this next year again but I think this is moving in the right direction. So, all in favor of the motion?

Kinsey: I have a question for Mr. Carlee. Since you have not met with all the Council members yet there might be some revisions

Carlee: I am aware that other people wanted to read it so I would ask that we remain open to additional feedback from any of the Council Members

Kinsey: I just wanted to make sure

Howard: We are moving a document to have a conversation with understanding that there may be more changes

Kinsey: OK, I just wanted to clarify that. Thank you

Howard: Alright, so we have a motion on the table. All in favor of the motion let it be known by saying "Aye"

ALL: "AYE"

Howard: Opposed the same sign. (No response) Motion carried. Next up, Bob. We have five criteria that you put in front of us and if you would please take us through that

Hagemann: Yes Mr. Chairman. In fact this is at least organizationally a pretty significant change from the last version you saw. Before I had single long paragraphs under each of the five criteria and at the request of the Chair and other members of the committee I broke things out and I think the idea is that when you do your survey evaluation of me next summer rather than rating me on the five big categories there will be subcomponents that will allow for an opportunity to be a little bit more refined your feedback back to me. My five criteria are Advise the Mayor and City Council, Represent the City's Interests, Assist the City Manager and Staff, Manage the City Attorney's Office and Professional Development.

Lyles: Who is responsible for effective and efficient organization of outside counsel?

Hagemann: I guess I would have to answer that it is a joint responsibility between Risk Management and me

Lyles: So somehow it needs to be known and accounted for in yours and yours (Carlee)

Howard: So it will be in your #2 (Represent the City's Interest) and in Carlee's somewhere because you know you get that question every year about outside counsel. I was wondering Hagemann if it would make sense to add a sixth to yours as well and with a special one because

Governance & Accountability Committee

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we didn't capture Airport and I'm sure that can be captured up there somewhere. Ethics and potentially Taxi Review. I know that's really in the City Manager's Office area

Carlee: We will be joined at the hip on that one

Howard: That's my point. So there are a couple of special ones. I was wondering if Council thought of any other special ones so when it comes to evaluation time we give credit for it as well and not try to fit it under something

Hagemann: What you are saying is when we know in a given fiscal year that there are big things that are on the table go ahead and identify them?

Howard: That's what Ron did so since we are making apples to apples if there are ones that are standing out, and those are ones that are standing out to me

Hagemann: I am Ok with that. I think it makes some sense and that list from year to year will change. It may even be that there is nothing ongoing because it's what we know is in the works when we start the fiscal year

Howard: Anything else? If not a motion on this so we can move it to Council would be great

Autry: I would move that the proposed City Attorney evaluation criteria be accepted by this committee and recommended to full Council with the prospects that there can still be some modifications

Phipps: Second

Howard: Phipps seconded the motion. All in favor of the motion let it be known by saying "Aye"

ALL: "AYE"

Howard: Opposed the same sign. (No response) Motion carried. Can we put the timetable off for a month? The most important thing was the criteria. Is that OK?

Jennings: OK

Internal Audit Update – Cash Collections Audit

Staff Resources: Greg McDowell and Randy Harrington

Howard: Let's get to a media issue and that is the Cash Collections Audit

McDowell: Since we last met we issued an audit on Cash Collections.

Phipps: When I was reading this audit I was surprised that the findings were what they were. It was hard to read this report and you really had to read between the lines to understand what they

Governance & Accountability Committee

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were saying. I think the report should have been written in a way that issues would have hit the Council members pretty clearly. It's good to see that we are talking about corrective action but to have a follow up audit and have these types of deficiencies I have a problem with that. I just don't understand how it protects the sense of urgency that some of these projects show. Even though we had no losses I don't think these findings will prevent losses going forward. I found this particular report concerning to me. In my mind if we were rating this audit report to me in my mind this would be an adversely rating report to me I think we still have report deficiencies in this area.

Howard: Does anybody want to take a shot at that? That's why we were talking about what we were going to do about it too.

McDowell: I think the tone of the audit report is always subject to review and others' perspectives. I am always trying to fine tune my tone based on people's receipts. However in the end the result of effectiveness of this is what happens next. If you talk to Eddie Burke first of all he reviewed our audit scope so we discussed with the outside auditors and what we were going to do and he was satisfied. He reviewed this audit report and he was satisfied with what we had in this report. The last thing he said to me though was now you have to do the follow up because this is the type of thing that needs regular and constant follow up. Even though the responsibility is in the Finance and Revenue Departments to make sure the different department are following the rules we've already been to four sites to follow up and tell them about what we found in September. I commit to you a follow up report in January or February where we would have all of September, October, November and December to make sure the changes that we already anticipate are being put into effect

Carlee: I appreciate your comments very much because I do consider this an extremely serious matter in an area of potential vulnerability. I was surprised when an external auditor came forward last year raising concerns about management of cash intake and discovered they had not done as a City comprehensive audits on a regular basis for cash intake. So we made this a priority audit this year because it is not acceptable. I'm not shocked that there weren't losses because of the people we have onboard with honesty and integrity. The kind of vigilance that is required in maintaining the integrity of cash receipts is really important. I am serious about trying to eliminate some of the points of intake using some increased technology. We will be doing follow ups to ensure that we fully comply with all of the state requirements and good accounting practices to ensure that we do not have adverse findings moving forward

Howard: What I think I also heard Greg (Phipps) say is maybe the tone needed to be clearer and that there needed to be some urgency in resolving the issue. I was just wondering was that intentionally not done to not cause problems with auditors or other bodies?

Governance & Accountability Committee

Meeting Summary for October 27, 2014

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Carlee: We are cognizant of protecting the City's reputation and while policies and procedures clearly can be improved and need to be improved here we didn't identify losses. I don't want the audit to be read in a way that we say that we have people who are stealing and hiding money because we didn't find that. What we have is a problem principally of timely deposits and we have too many places I think of where we're bringing money in. So what you heard is that we are coming down very hard on the timely deposits and we're looking thoughtfully and strategically on how do we reduce those numbers of places so that we have fewer vulnerable contacts. So it is about in terms of handling our resources very seriously but at the same time not suggesting that there are problems with loss and fraud within the City government because that has not been identified

Howard: Mr. Phipps do you have anything to follow up on that?

Phipps: No

Harrington: I too recognize the seriousness of the matter and it is at the front of my radar as well. Just to add a couple of specifics to what we are doing. We are putting together a review. We essentially have about fifty collection sites, 20 of them are what we consider active where we have regular processing that occurs then we have about 30 that are more infrequent in nature. What we are doing is looking at all fifty sites and determining what are the best practices associated with the various levels of control that you may see. That is one of the areas we are working on and we anticipate having an analysis done by the end of the calendar year this December.

Howard: OK let me review and give a summary of what I think I heard. I think what I heard the Manager and Randy (Harrington) say was from a revenue capture standpoint there are some things we need to improve on when it comes to actually how many points of entry into the system we have. And we need to do a better job of accounting for those maybe through random audits and some other things even before internal audits actually get to it. What I also heard is Greg (McDowell) and Greg (Phipps) need to sit down and meet about reports going forward so we can address some of the things that jump out to us. I would like to see that happen. I would like to have a follow up report from the Manager if you don't mind so that we can capture what we are talking about and put on the record where we are going with all this. Thank you all for your hard work. This is something that is important to us all. Our next meeting is November 24th. See you all then.

Meeting adjourned at 1:25 p.m. ~jcs

Governance & Accountability Committee
Monday, October 27, 2014 – 12:00 noon
Room 280

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

Staff Resource: Carol Jennings, Chief of Staff

AGENDA

I. City Manager and City Attorney Evaluation Process

Staff Resources: Ron Carlee, Bob Hagemann, Cheryl Brown

Action: Recommend to City Council the dimensions on which the City Manager and City Attorney will be evaluated in the coming year.

Action: Assess the effectiveness of the evaluation process and provide recommendations to the Mayor/Council.

II. Internal Audit Update – Cash Collections Audit

Staff Resources: Greg McDowell, Randy Harrington

III. Next Meeting

****Monday, November 24, 2014 at 12:00 noon in Room 280**

Distribution:

Mayor and City Council
Council Team
Greg McDowell
Sheila Simpson

City Manager's Executive Team
Bob Hagemann
Cheryl Brown
Robert Campbell

Corporate Communications
Stephanie Kelly

Ron Carlee
2014-2015 Proposed Performance Objectives
Developed June 22, 2014
Revised September 18, 2014 2014

- 1. *Build Community*** consistent with the Mayor and Council’s articulated vision, values, and focus area strategies. Ensure that Charlotte is greater than the sum of its parts, a “community of intent” – where people choose to live, work, or visit. A globally recognized and respected community where people are connected, engaged, and informed. Build collaborative relationships with other governmental units, the business community, and other institutions.

 - Work with Mayor/Council to take visioning work to the next level.
 - Re-evaluate the structure and programs of Neighborhood and Business Services to ensure that there truly is a focus on neighborhoods. Either reinstate the Neighborhood Symposium or develop an alternative proposal to bring neighborhood representatives together to network and to develop relationships with City staff.
 - Agree on a data dashboard for measuring the City’s progress.
 - Present concrete plans for targeted neighborhood development in ways that support and nurture the neighborhoods.
 - Clarify vision and plan for transit-oriented development on Lynx Blue Line Extension.
 - Develop recommendations for defining and acting on the goal of “global competitiveness.”
 - Present recommendations for redevelopment projects such as Eastland Mall, the Bojangle’s property and the Charlotte Gateway Transit.

- 2. *Provide Operational Leadership*** ensuring that City services are provided consistent with the policy direction of the Mayor and Council as expressed through the adopted annual operating and capital budgets and other plans. Engage and respond to the public with strong customer relations. Demonstrate efficiency and effectiveness. Provide stewardship in financial management, protecting the City’s triple-A bond rating and financial resilience. Promote innovation and leading practices.

 - Demonstrate the sustainability of the capital program; develop recommendations for contingent capacity; secure triple-A bond rating for any general obligation issuances.
 - Provide a sustainable operating budget adjusting for impacts of legislative action or inaction related to the Business Privilege License Tax.
 - Develop recommendations for stable and sustainable maintenance of the water/sewer system.
 - Develop recommendations for a credible and sustainable storm water program.
 - Ensure the continued success of the aviation department during its transition.
 - Implement a revised Balanced Scorecard program.
 - Adopt new guidelines on procuring professional services and on contract change orders and extensions.
 - Integrate financial and planning services based on leading practices to ensure coordination with appropriate check and balances.

3. *Promote Effective Relationships with the Mayor & Council* *providing non-partisan, fair, equitable, and constructive support to each elected official, positioning the governing body to succeed as a whole. Foster trust, respect, honesty, collaboration and openness. Work with the Mayor and Council to define problems and focus desired outcomes. Provide timely communication on major projects, initiatives and critical incidents.*

- Be more communicative with Council. Meet individually with each Council member at least once a month. Stay in on-going communications with Council on an equitable basis, ensuring that all Council Members have access and the same information.
- Clarify policy issues with Council when the Council position is ambiguous or the Council is split. Do not get ahead of Council in public discussions. Ensure consistency in public comments with Council policy.
- Review staffing for Council Committees to clarify the staff's role and to ensure that Council Members are setting their own agendas and driving their work plans. Work with staff as needed to be more open to creative and alternative ways for approaching policy issues rather than starting with why something cannot be done. Help the Council get to "yes" where the Council so chooses, exploring leading practices and creativity.
- Keep Council informed of emerging issues.
- Work with Council to ensure meaningful retreats and workshops.
- Ensure measureable progress on the Council's Focus Area Plans.
- Ensure that all Council Members understand the role of Council's staff members. Make adjustments as need to meet the needs of Council.
- Work with the Council Budget Committee to evaluate last year's budget process so that the Committee can make recommendations to Council with regard to any process changes, including the role of the Budget Committee.

4. *Develop the City government's Workforce* *such that Charlotte is an employer of intent, where people feel valued and appreciated. Recommend and implement a compensation system that is internally fair and externally competitive. Promote internal values that create a positive work climate and culture. Recruit and retain high performing workforce that is reflective of the community. Ensure development at all levels of the organization.*

- Implement revised policy on ethics (including gifts and gratuities) and enhanced disclosure.
- Recommend a fair and sustainable compensation plan appropriate for field workers.
- Assess turnover and employee morale. Explore improvements to ensure smooth succession as people retire or leave.
- Review the City's EEO/AA goals and accomplishments.
- Review the safety record of the City and take actions to reduce preventable accidents and worker injury.
- Expand the use of multi-rater reviews for managers and executives.
- Update the policies for disciplinary action including dismissal to ensure organizational consistency and compliance with all local and federal laws related to fair treatment and non-discrimination.

5. ***Engage in professional development, participating in at least 40 hours of professional, technical, and/or managerial training and education. Participate in and provide leadership in regional, state, and national professional organizations in order to (a) keep current on emerging trends and leading practices; (b) build intergovernmental partnerships; and (c) showcase Charlotte as a local government leaders and globally competitive city.***

Professional Development Plan for 2014 as Submitted to ICMA's Credentialing Program

- Personal Development. Model leadership by asserting more self-discipline through time management, diet, and exercise. Participate in group wellness activities, attend relevant sessions at conferences, use wellness tools available on-line and promote the same with immediate staff and across the organization.
- Strategic Planning. Develop clearer approach to strategic planning and implementation through a deeper understanding on the theory and practice of the balanced scorecard in the public environment and its integration with vision, values, and operational planning. Attend relevant sessions at conferences, engage in self and group study, and use third party consultation.
- Staff Effectiveness & Personal Development. Continue the exploration of self/group awareness tools to build a highly performing team, including the Work Place Big 5 and EQi. Participate in group learning, independent reading, training sessions, and third party consultation.
- Staff Effectiveness & Personal Development. Use a multi-rater assessment consistent with guidelines for a Credentialed Manager.
- Other Professional Activities Planned: ICMA Annual Conference; North Carolina City/County Management Association summer & winter conferences; Large City Executive Forum summer & winter conferences; NC League of Municipalities annual meeting; NLC spring conference; Chamber Inter-City Visit and/or annual retreat.

6. ***Manage special projects and/or high - priority issues anticipated.***

- Neighborhood Redevelopment -- assuming voter approval of bonds, implement community investment program in ways that have transformational neighborhood impact, promoting private investment.
- Charlotte Business Inclusion Program – provide an assessment and recommendations as may be appropriate to enhance effectiveness of inclusion program, including the appropriate organizational placement of the program.
- Façade and Security Improvements Program – develop recommendations for expansion of use as part of neighborhood redevelopment
- Arena Negotiations – complete negotiations consistent with the City's contractual commitments and in a manner that is fiscally responsible.
- Immigrant Integration Task Force – monitor work of task force and its recommendations in order to ensure a community that is welcoming and accepting of people with diverse backgrounds.

- Mecklenburg Livable Communities Plan – ensure City participation in the plan, make policy recommendations, and take administrative actions to integrate the plan into the City’s strategic structures.
- Joint Communications Center – implement construction of the facility in a manner that responsibly meets the City’s emergency management needs and in a manner that contributes to redevelopment.
- Solid Waste Long-Term Plan – develop a long-range plan that provides dependable service and advances conservation and recycling.
- Corporate Communications – develop more effective use of mobile and social media to effectively tell the City’s story and interact with our different publics; ensure that departments have community engagement strategies.
- Permitting and inspections—coordinate with the County to facilitate development consistent with plans and policies.
- Historic Districts—implement policies and procedures for more effectively ensuring the protection of historic properties.
- Coal Ash—implement Council action and ensure protection of the City’s water and air quality.
- Airport Taxi Contract – work with the Aviation Director and others to ensure a fair and competitive process that provides opportunity to as many taxis as the level of business can support and as can be effectively managed to ensure strong customer relations.

Proposed FY2015 City Attorney Evaluation Criteria

- 1. Advise the Mayor and City Council** – Provide high quality legal advice and services. When, as is often the case, the law is uncertain, advise as such and identify and develop options and solutions that will assist rather than frustrate the Council in achieving its objectives. Understand that legal risk is but one of many factors for the Council to consider in making its policy decisions.
 - Provide written legal opinions and memoranda that are thoroughly researched, well-reasoned, clear, and concise
 - Answer questions and provide procedural advice at official meetings in a manner that facilitates the work of the Mayor and Council
 - Respond to requests for advice or assistance from the Mayor and Councilmembers in a timely, understandable, unbiased, and non-partisan manner
 - Be accessible to and meet with elected officials as needed
 - Treat the Mayor and each Councilmember in a fair and equitable manner

- 2. Represent the City's Interests** – Professionally and aggressively defend legal challenges to Council decisions and actions of the City and its employees. If the City has legally wronged a citizen, seek a resolution that is both fair to the citizen and protective of the taxpayer.
 - Oversee the handling, trial, and settlement of lawsuits
 - Treat the court, members of the bar, and citizens with courtesy and respect
 - Clearly and courteously explain the City's legal position to citizens and the media

- 3. Assist the City Manager and Staff** – Advise the City Manager and his staff.
 - Provide timely day-to-day legal advice and services
 - Work with the administration as a member of the team while maintaining an appropriate level of independence

- 4. Manage the City Attorney's Office** – Develop an effective and efficient organization.
 - Recruit and retain a competent and diverse staff
 - Provide an appropriate level of managerial oversight and direction
 - Address personnel issues in a direct and timely manner
 - Responsibly manage the department's budget

- 5. Professional Development** – Continue to learn and grow.
 - Stay abreast of changes and developments in state and federal law
 - Attend relevant Continuing Legal Education programs
 - Engage with the bar and professional organizations

Timeline for Completing the City Manager's FY15 Evaluation

Evaluation Date: Monday, July 27 meeting, time & room TBD

Leading up to the evaluation date:

- *Tue, May 26 The City Manager provides the Governance & Accountability Committee with a recommendation on a multi-rater evaluation, which may include subordinates, peers, or people external to the City with whom the City Manager may work closely.
- Fri, June 26 The City Manager submits to the Mayor/Council via the Mayor/Council packets a self-assessment of his performance based on the dimensions previously set and provides other information he considers important in assessing his performance.
- Mon, June 29 HR sends website link for Mayor/Council to individually complete an online survey of the City Manager on the agreed dimensions. Stated deadline of Sunday, July 12, extend to Wednesday, July 15, if needed.
- Fri, July 17 Results of multi-rater evaluation and online survey go to the Mayor/Council and City Manager in confidential envelopes within the Mayor/Council packets.
- **Mon, July 20 One week prior to the evaluation, the Governance & Accountability Committee reviews all of the evaluation material received by and about the Manager and proposes specific areas to be reviewed with him during the evaluation meeting.

MON, JULY 27

EVALUATION MEETING

- a. The Mayor/Council meets alone to consider the recommended areas of discussion from the Governance and Accountability Committee and may add other items for discussion if agreed to by six members of the Council.
- b. The City Manager joins the Mayor/Council at an appropriate time and provides a self-assessment, addressing the items identified by the Governance & Accountability Committee and any additional items identified by the Council. The Mayor/Council then provides its feedback to the City Manager, as well as holds a general discussion around the City Manager's future work plan.
- c. Mayor/Council meets alone to discuss the interaction of the City Manager, their overall evaluation of performance, and, as appropriate, changes to his employment agreement.

Evaluation follow up and preparation for next year's process:

- *Mon, Sep 21 No more than 60 days after the evaluation meeting, the Governance & Accountability Committee meets with the City Manager to assess the effectiveness of the evaluation process and provides recommendations to the Mayor/Council for revision.

- *Mon, Sept 21 Unless otherwise changed by October 1, the City Manager provides the Governance & Accountability Committee with recommendations on the dimensions on which he will be evaluated in the coming year, including the work plan.

- Dependent on
above date The Committee formally recommends the dimensions to the Mayor/Council for decision.

Timeline for Completing the City Attorney's FY15 Evaluation

Evaluation Date: Monday, August 24 meeting, time & location TBD

Leading up to the evaluation date:

- *Tue, May 26 The City Attorney provides the Governance & Accountability Committee with a recommendation on a multi-rater evaluation, which may include subordinates, peers, or people external to the City with whom the City Attorney may work closely.
- Fri, July 24 The City Attorney submits to the Mayor/Council via the Mayor/Council packets self-assessment of his performance based on the dimensions previously set and provides other information he considers important in assessing his performance.
- Mon, July 27 HR sends website link for Mayor/Council to individually complete an online survey of the City Attorney on the agreed dimensions. Stated deadline of Sunday, August 9, extend to Wednesday, August 12, if needed.
- Fri, Aug 14 Results of multi-rater evaluation and online survey go to the Mayor/Council and City Attorney in confidential envelopes within the Mayor/Council packets.
- **Mon, Aug 17 One week prior to the evaluation, the Governance & Accountability Committee reviews all of the evaluation material received by and about the Attorney and proposes specific areas to be reviewed with him during the evaluation meeting.

MON, AUGUST 24

EVALUATION MEETING

- a. The Mayor/Council reviews compensation information with the Human Resources Director and then meets alone to consider the recommended areas of discussion from the Governance and Accountability Committee and may add other items for discussion if agreed to by six members of the Council.
- b. The City Attorney joins the Mayor/Council at an appropriate time and provides a self-assessment, addressing the items identified by the Governance & Accountability Committee and any additional items identified by the Council. The Mayor/Council then provides its feedback to the City Attorney as well as holds a general discussion around the City Attorney's future work plan.
- c. Mayor/Council meets alone to discuss the interaction of the City Attorney, their overall evaluation of performance, and, as appropriate, changes to compensation or employment agreement.

- d. Mayor/Council take a public vote on any change to compensation at the evening meeting.

Evaluation follow up and preparation for next year's process:

- *Mon, Sept 21 No less than 60 days after the evaluation meeting, the Governance & Accountability Committee meets with the City Attorney to assess the effectiveness of the evaluation process and provides recommendations to the Mayor/Council for revision.

- *Mon, Sept 21 Unless otherwise changed by October 1, the City Attorney provides the Governance & Accountability Committee with recommendations on the dimensions on which he will be evaluated in the coming year, including the work plan.

- Dependent on
above date The Committee formally recommends the dimensions to the Mayor/Council for decision.



CHARLOTTESM

INTERNAL AUDIT

**Audit Report
Cash Collections
October 2, 2014**

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

Audit Report Cash Collections October 2, 2014

Purpose and Scope

The purpose of this audit was to determine whether the design and operation of internal controls over the City's cash collection sites are effective. (For purposes of this report, references to cash collections also include checks, credit cards and money orders.) This audit addressed City-operated sites and did not include third-party collectors, including certain parking decks and Western Union sites.

Auditors evaluated the adequacy of existing cash collection policies, and whether operational procedures throughout the City are adequate. Due to the large number of collection sites, audit staff limited their detailed reviews to those locations with the greatest activity. Audit steps included the following:

- Surveyed Department Fiscal Control Officers (FCOs) and collection site managers about procedures, activities and key personnel;
- Conducted several site visits to observe collections and interview staff;
- Identified key internal controls required by the Finance Department policy; and
- Examined deposits and supporting documents for selected departments for one week in January 2014 and one week in April 2014 (before and after the audit was announced). If a smaller department with infrequent collections had no deposits for the weeks selected, alternate dates were chosen.

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

All employees and departmental Fiscal Control Officers need to be regularly reminded of the City policy and State Statutes that require timely deposits. Regular audits should be scheduled to ensure compliance.

Summary Results

Except for the theft by a contractor's employee identified in 2013, no losses from collection sites were identified during the audit. However, corrective actions must be taken to reduce the City's risk of loss that could occur through lost or stolen funds which can go undetected if insufficient compliance and monitoring is not addressed. The following findings are detailed below:

- Cash collection controls should be consistently applied throughout the City.
- All checks should be deposited timely.
- Finance should aggressively monitor and enforce the City's Cash Collection Policy.

The Finance Department has provided satisfactory responses to each of the audit recommendations. In addition, departments which were not in compliance with deposit policies have taken actions to improve employee performance.

Background

In September 2013, an embezzlement of City funds totaling \$50,750 related to CATS' fare evasion fine collections was discovered at the Park It! office. (A separate audit report dated June 25, 2014, concerning that loss has been issued.) In January 2014, after completing the FY13 financial statement audit, the City's external auditors (Cherry Bekaert) reported to City Council a significant internal control deficiency, as follows:

Cash collection sites throughout the City are not monitored to ensure internal controls are designed and operating effectively.

To address the deficiency, Cherry Bekaert recommended the following:

The City should establish monitoring controls of the cash collection sites throughout the City to ensure internal controls are properly designed and operating effectively.

The City's response to Cherry Bekaert's recommendation noted that a new cash collection policy includes procedures for cash collections, and that the City Finance Department and Internal Audit would implement a plan to monitor cash collection sites throughout the City. Subsequently, Internal Audit initiated an audit of the City's collection sites.

Collections Overview

Cash collection activities within City departments range widely in the dollar amount of daily deposits, as well as in the form of collections, i.e., cash, credit card, and check. Customers can be citizens paying for various City services such as parking fees at the airport, transit riders, and pet registration. Customers can also be company

representatives paying for permits at the Fire Prevention Bureau, or paying the fee to obtain design documents from the Planning Department.

There are at least 20 active cash collection sites operating throughout the City. The City collects payments for airport parking fees, water and sewage use, bus and light rail fares, fire inspection fees, and many other services. Approximately 30 collection sites make infrequent deposits. These low volume sites include the City Attorney's office, which occasionally receives a settlement check. Also, many departments and divisions collect reimbursements from employees (e.g., for personal long-distance phone calls, or the return of a travel advance). See the Appendix beginning on page 9 for a detailed listing of the most active collection sites.

Cash Collection activities are governed by North Carolina General Statute 159-32 and City policy FIN 1 (revised version effective August 1, 2014), which is administered by the Finance Department and its Revenue Division. Among other requirements, the statute and policy require daily deposits and submission of supporting documents approved by a department's Fiscal Control Officer (FCO) or the FCO's designee – to the Revenue Division Central Cashier – that support the amount deposited.

Findings and Recommendations

1. Cash collection controls should be consistently applied throughout the City.

As noted above, there are at least 20 active cash collection sites throughout the City. Some have put adequate controls in place, while others are lacking. Due to the widely varying levels of activity, no one level of control may be appropriate for each site. The following are among the internal controls in use at City collection sites:

- Daily deposits of collected cash, checks, money orders, and credit card payments, per City policy and NC General Statute 159
- Submittal of documentation of the deposits to the Central Cashier
- Written procedures for the handling of collections
- Separate tills for each cashier
- Surprise cash counts
- An accountability record for independent comparison to deposits
- An independent approver and reconciler of the record versus the deposit amount
- Security cameras

The larger collection sites use most of the above controls, while sites with minor activity may not use cameras and often don't have more than one cashier till or written procedures.

Recommendation: To ensure that cash collections are secured at an adequate level which is consistent throughout the City, Finance should establish a matrix of controls and procedures applicable to the varying activity at collection sites. Control levels

may be impacted by total collections, amount of cash handling versus non-cash transactions, staffing, hours of service, and the relative safety of a specific location (e.g., a Police station versus a cemetery). This evaluation should consider a reduction or consolidation of low activity level collection sites. Expansion of electronic depositing should also be considered.

Finance Response: We agree. We will complete our analysis of the control levels that would be appropriate at collection sites throughout the City by calendar year-end. At that time, we will circulate a draft of the proposed requirements and obtain input from those impacted. We will follow-up with the FCOs to ensure timely compliance with the requirements.

2. All checks should be deposited timely.

During the audit, multiple departments informed Internal Audit or the Revenue Division of recently discovered checks that had not been deposited in compliance with City Policy and State Statutes. Daily deposits are a key requirement of the City’s FIN 1 policy, as well as being mandated by NC General Statute 159. Failure to make deposits within 24 hours of receipt violates both policy and law. In addition, non-compliance exposes the City to reduced revenues that can occur through lost or stolen funds.

The table below details the policy violations noted during the audit.

Department(s)	Number of Checks	Date Range (months)	Date Deposited	Dollar Range	Total Amount
Charlotte Fire Department	7	5 – 13	April 2014	\$4,900 - \$26,194	\$82,267
Charlotte Department of Transportation (CDOT)	1	3	April 2014	\$9,384	\$9,384
City Attorney’s Office / Charlotte Mecklenburg Utilities Department (CMUD)	2	6	May 2014	\$1,500	\$3,000
Neighborhood & Business Services	3	2 – 7	May 2014	\$150 - \$360	\$860

We met with staff from each department and received the following explanations:

- Fire – Checks (mostly grants) were held by a grant coordinator and/or administrative staff, who did not recognize the importance of following statutory rules. The employees stated that sometimes they forgot that they had stored the checks in their desks, resulting in deposit delays of up to 13 months. The Fire Chief will put in measures to ensure there are no recurrences, such as converting to electronic checks and periodic inspections by managers.
- CDOT – A former employee of a contractor stored a check in a desk drawer. The check was discovered after the employee was terminated from the firm for other performance issues.
- Attorney’s Office/CMUD – Two money orders were received in the City Attorney’s Office related to a CMUD settlement. The money orders were held a few days or more, and eventually interoffice mailed to CMUD. They were not deposited for a total of five months after receipt. Initially, employees were trying to determine proper coding for the deposit and did not understand the overriding requirement to follow the state statute. The location of the money orders from January through May could not be determined.
- N&BS – Loan fees were stored in a desk by the responsible employee and forgotten. In response to the incident, N&BS sent an email to remind staff of City policy that requires that all receipts be deposited on the day collected.

Actions Taken: All checks in question have been deposited by the Central Cashier. The revised FIN 1 policy effective August 1, 2014, addressed the issue of checks received. FIN 1, Procedure 2-D provides that “...checks shall be placed in a locked cash till until the daily close out and deposit is prepared.”

Recommendation: Currently, the Revenue Division keeps a listing of deposited checks dated more than 30 days prior to submittal. For the period of September through December 2014, Revenue should adjust the threshold (e.g., 15 days for deposits greater than \$1,000) in order to identify collection sites which may not be in compliance with City policy and State statute. Revenue should share these results with Internal Audit for additional follow-up by auditors.

Actions Planned: Revenue staff will identify the collection sites which deposit the oldest checks (understanding that check dates are not always completely accurate and that postal service delivery schedules may impact the timeliness of receipts). Internal Audit and Revenue will work together to conduct a follow-up with selected departments in FY15.

Department Responses: The departments found to be non-compliant with the depositing requirements all agreed to monitor compliance within their departments

more closely in the future. Each is aware that Finance and Internal Audit will follow-up FIN 1 requirements on a regular basis.

3. **Finance should aggressively monitor and enforce the City's Cash Collection Policy.**

A. **Liaisons**

The City's Cash Collection Policy (FIN 1) requires departments to designate a Fiscal Control Officer (FCO) to serve as the official liaison between the department and Finance/Revenue. When validating the Revenue Division's master listing of FCOs, auditors noted four instances in which a department had changed the designated employee, but had not notified Revenue. This lapse could result in communications from the Revenue Division not reaching the employee actually performing FCO duties.

Recommendation 3A: The Revenue Division should periodically update its record of the FCOs for each City Department. The FCO's primary designee and an alternate for each collection location should also be obtained at each update. The FCO should be required to annually certify compliance with Collections Policies.

B. **Site Listing**

The Revenue Division provided a list of departments with collections and types of revenues collected, but did not have a complete list of cash collection sites throughout the City. Maintaining a current inventory of collection locations is critical to understanding the scope of the collections process for the City as a whole, and to designing other controls for continuous monitoring.

Recommendation 3B: Periodically, in conjunction with its update of FCOs and designees, the Revenue Division should require the FCO's to submit a complete, detailed listing of all cash collection sites operated by departments throughout the city. This should enable the Revenue Division to maintain a complete listing of all departments' locations receiving cash collections.

C. **Monitoring**

Despite the City's comprehensive Policy addressing the cash collection responsibilities of each department, Finance necessarily must rely upon about 40 collection site managers (site managers can be responsible for multiple sites) to complete their daily responsibilities in order for the City to be in compliance with the state statute covering this activity. For recurring deposits, the Revenue Division's Central Cashier uses Outlook reminder messages as a way to monitor whether a particular City department's deposit has been submitted. Also, a computer system display or printout lists those locations that had deposits posted for a particular day, but doesn't highlight a deposit that could be missing. These current procedures may

not be sufficient to effectively reduce the risk of a collection site not submitting its deposit.

Recommendation 3C: The Revenue Division should work with FCOs to identify a consistent (e.g., daily or weekly) reporting method for sites which normally have significant collections. That is, for the largest collection sites, each should communicate that a deposit has been made or is not required, on a regular basis.

Finance Response: Finance will distribute a memorandum at the end of each fiscal year to each Department Director requesting that they confirm their FCO designee and update their listing of cash collection sites. Finance will maintain a checklist of the largest deposits and expected frequency determined by analyzing iNovah cashiering reports by Department. Finance will inquire with the Departmental FCO/designee if a deposit does not arrive by its expected delivery time.

4. Other

We noted a number of other issues which Finance staff brought to our attention during the audit, or which were already being addressed by Finance and did not require detailed review by auditors. The issues are noted here because they reflect upon the internal control environment and could impact revenue operations negatively if control monitoring were to deteriorate.

- A. *Missing change funds* – In March 2014, Revenue Division staff advised Internal Audit that a \$2,000 auction change fund and a \$275 till change fund kept in the main safe at the Charlotte Mecklenburg Government Center (CMGC) were missing. New procedures have been implemented by the Revenue Division, including more frequent reconciliations and surprise cash counts. The Finance Department Risk Management Division replaced the \$2,275 to the Revenue Division from the self-insured loss fund in April 2014.
- B. *Escheat records* – North Carolina statutes require the funds related to checks which have not been deposited by their recipient to be forwarded (“escheated”) to the State. The State makes these funds available for reclaiming by their original recipient. A Finance Revenue procedure made effective in March 2013 notes that periodic searches of the unclaimed property database maintained by the North Carolina State Treasurer’s office will be performed. Any property discovered during the search will be investigated and a claim will be submitted if appropriate. Finance Revenue submitted the results of the first search of this nature in December 2013, and it included a request for payment of 54 items that belonged to the City. Further investigation showed the City was due \$15,995.81 from these claims. Although a claim has been submitted, these funds have not been turned over to the City. Finance followed up with the State multiple times before receiving instructions to complete, sign, and notarize an Affidavit of Claim Form and supplied additional supporting documentation. The form and documentation

were sent to the State on August 21, 2014. It should also be noted that the Treasurer's database includes very limited descriptions of the escheat items making it difficult to confirm whether or not funds are due to the City. In addition, the Finance Director must certify that the escheat claim is valid, and is subject to criminal prosecution for any fraudulent claim.

- C. *Badge Access to Revenue Collection, Lobby level, CMGC* – Finance Revenue Division identified 344 employees with badge access to the revenue collection area in CMGC. Upon further review, the Finance Revenue Manager identified 102 employees on that list that do not need badge access to this area. The Revenue Division is working to further reduce the access list to those who work in the area on a daily basis or have an emergency need for access.
- D. *Witnessing of Central Cashier Cash Count* – We noted that a departmental FCO or designee does not remain to witness the counting of submitted cash collections by the Revenue Division Central Cashier. Such witnessing is a requirement included in the FIN1 policy and should be followed without exception.

Appendix: Most Active Collection Sites

\$200 million	Aviation Accounts Receivable Division (mostly non-cash)
\$123 million	Finance – Central Cashier (20% cash)
\$42 million	Aviation Parking (75% cash)
\$19 million	CATS Bus & Light Rail Treasury Room (90% cash)
\$10 million	Charlotte Mecklenburg Utilities (non-cash)
\$5.7 million	Finance – West Service Center (61% cash)
\$3.8 million	Finance – CMGC Lobby (32% cash)
\$2.3 million	CATS Charlotte Transit Center (50% cash)
\$2.1 million	Finance – Old City Hall (48% cash)
\$2.0 million	Fire Department – Fire Prevention (mostly non-cash)
\$1.4 million	Charlotte Department of Transportation – Park It! (25% cash)
\$1.2 million	Charlotte Mecklenburg Police Department – Animal Control (35% cash)
\$875,000	Finance – Risk Management Division (non-cash)
\$410,000	Engineering and Property Management (non-cash)
\$375,000	Charlotte Mecklenburg Police Department – Property Room (mostly cash)
\$172,000	Charlotte Department of Transportation – General (mostly non-cash)
\$21,000	Aviation – Operations/Security (mostly cash)
\$17,530	Solid Waste Services (mostly non-cash)
\$15,000	Fire Department – Administration (20% cash)
\$5,450	Neighborhood & Business Services (non-cash)
\$2,050	Charlotte Mecklenburg Police Department – Records (mostly non-cash)

Aviation-Accounts Receivable Division

The Accounts Receivable Division of Aviation receives mostly non-cash collections from three revenue types: invoiced receipts, passenger facility charges and miscellaneous payments. During FY13, the Division collected approximately \$200 million as reported.

Finance – Central Cashier

The Central Cashier is responsible for verifying and posting Departmental Daily Cash Reports (DR's) that are sent in from different departments and divisions into the Inovah Cashiering System, and for making bank deposits. These DR's are validated with the Central Cashier's signature and sent back to the corresponding department or division to be included in their backup documentation. There are some departments and divisions that post directly into the Inovah Cashiering System. In this case, the Central Cashier verifies that those batches have been closed out before processing the end of day report.

Aviation-Parking

Parking revenues are primarily cash, along with a sizable amount of credit card transactions. A key control relied upon by Airport managers is a parking management software system that produces a total for each cashier's shift; the total is not available to the cashier and is independently compared by other staff to the amount submitted for deposit. Parking revenues totaled a reported \$42.5 million during FY13.

CATS Bus & Light Rail Treasury Room

Funds received from CATS light rail and bus fare boxes are verified at the CATS Treasury Room. The Treasury Room receives the cash from the light rail ticket vending machines and the bus fare boxes. Controls include on-premises security officers, secured access to counting areas, camera monitoring and three-person verification of funds. CATS reported average daily deposits of \$14,000 in cash and \$4,450 in credit cards from rail and \$35,000 in cash from bus fares. All funds are deposited by Dunbar Armored Services and verified by CATS' Finance Department. The above reported totals compute to over \$19 million received on an annual basis.

Charlotte Mecklenburg Utilities

Charlotte Mecklenburg Utilities (CMUD) provides various online payment options for customers. Collections received in house vary from day to day. The most significant amount of collections is handled at the North Tryon location which accepts only checks for connection and capacity fees. In FY13, CMUD received a reported total of over \$10 million in capacity fees.

Finance – West Service Center

Finance-West Service Center is a satellite payment processing center that handles utilities, property taxes and Private Vehicle for Hire renewals. The collections vary from day to day. The deposits are stored in a secured vault at the end of the day and a member of the Charlotte Mecklenburg Police Department picks up the deposit on the following day for delivery to the bank or Central Cashier.

Finance – CMGC Lobby

Finance – CMGC Lobby handles transactions from walk up customers. Cashiers at this location handle all types of transactions, but utility payments are the majority of collections. At the end of the day, all deposits are verified and stored in secured bank bags and placed in the vault until the deposit is ready for delivery to the bank.

CATS Charlotte Transit Center

The Charlotte Transit Center (CTC) collects mostly cash and credit cards for bus and light rail passes, fines and transit identification cards. CATS' fiscal staff reported average daily deposits of \$7,500, comprised of \$3,800 in cash and \$3,700 in credit cards, for a computed annual total of about \$2.25 million. Each employee is assigned a set number of bus passes daily to control the inventory. Cameras are strategically placed within the booths and there is a panic button in the event of an emergency. All deposit information is sent to CATS Finance Department for verification.

Finance – Old City Hall

Finance – Old City Hall is a drive up payment location for the Revenue Division that processes utility payments. This location is operated by two cashiers and the collections

are picked up daily by a member of the Charlotte Mecklenburg Police Department for delivery to the Central Cashier.

Fire Department – Fire Prevention

The Fire Prevention Bureau of the Fire Department receives cash, checks, money orders and credit cards for permits, citations and fines. These collections can range from \$600 to \$14,000 on a daily average. The Fire Prevention Bureau received a reported \$1,957,046 in FY13.

Charlotte Department of Transportation-Park It!

Charlotte Department of Transportation – Park It! collects payments for street parking across the city. Park It! is also in charge of collection of fines and penalties related to parking citations. Dunbar Armored Services deposits the meter collections directly to the bank, while the citation fines and penalties are sent to the Central Cashier for deposit. Park It! received a reported \$1,427,930 in FY13.

Charlotte Mecklenburg Police Department-Animal Control

The Animal Control division of CMPD accepts collections for pet adoptions, citations, animal licenses, spay and neuter fees and boarding. There are some online payment options available. Animal Control collections for FY13 were reported at \$1,179,040.

Finance-Risk Management Division

The Finance Risk Management Division is responsible for receiving subrogation payments. The average daily deposit is reported at \$3,500, or a computed annual total of about \$875,000. The division is also responsible for making sure that the appropriate City employees are bonded and that there is a crime policy in place that covers all City employees.

Engineering and Property Management

The Engineering and Property Management Department provides many services to the City but except for cemetery operations only a minimal amount of collections is handled. Cemetery services generate revenues from operating and maintaining six cemeteries around the City. All plots and amenities can be purchased at the Evergreen location. During FY13, the department received a reported \$408,790.

Charlotte Mecklenburg Police Department-Property Room

The Charlotte Mecklenburg Police Department (CMPD) Property and Evidence Bureau collects cash that is related to a criminal incident or found property. The average daily amount ranges from \$500 to \$1,000. Each piece of property and evidence is monitored through the Property and Laboratory Information System (PLIMS) which tracks the location and detailed chain of custody for each item. This system provides the inventory controls surrounding property and evidence. Property and Evidence received a reported \$374,227 and had 942 transactions during FY13.

Charlotte Department of Transportation-General

The Charlotte Department of Transportation offices at Charlotte Mecklenburg Government Center, and outlying offices such as the Street Maintenance Division, receive various types of revenue in a variety of forms. Cash, checks, money orders and credit cards are accepted for municipal agreements, parade permits, outdoor dining, abandonments and encroachments to name a few. The daily average varies due to the diversity of the collections. There were a reported 213 transactions and \$171,843 received during FY13.

Aviation-Operations/Security

The Operations/Security Division receives a small amount of collections averaging \$100 daily from replacement security badges. During FY13 a reported \$20,731 was received.

Solid Waste Services

Solid Waste Services has no regular collections. Occasionally checks are received that should have been sent directly to revenue. A reported total of \$17,530 was received in FY13.

Fire Department-Administration

The Fire Department's General Division receives small collections in the form of cash or money order. No credit cards are accepted. These collections pertain to donations. There are instances where large grant checks are received at this location. There were a reported 80 transactions and \$15,280 received in the general division in FY13.

Neighborhood and Business Services

Neighborhood and Business Services only receives checks. These checks are for refunds, grant receipts and loan payments. The amount varies from day to day. There may be a span of months before any collections are received due to the nature of their business. Neighborhood and Business Services works with grants to provide affordable housing and revitalizing neighborhoods around the City. There were a reported 34 transactions and \$5,450 received in FY13.

Charlotte Mecklenburg Police Department-Records

The Charlotte Mecklenburg Police Department (CMPD) Records Division has very little activity. Most of these collections are in the form of checks from outside companies who need copies of arrest records. During FY13, the Records Division received a reported \$2,063.