



Office of the City Auditor (OCA)

DATE: October 18, 2024
TO: Lincoln Saunders
Chief Administrative Officer
FROM: Riad Ali
City Auditor
SUBJECT: 2025-04 Quarterly Open Audit Recommendations Follow-Up

In compliance with our audit responsibilities, we are required to follow up on all open audit recommendations. Currently, we continuously meet and collaborate with departments to ensure the implementation of these recommendations and report the results on a quarterly basis.

During the 1st Quarter of FY 2025, there were 143 total open audit recommendations assigned to 20 City departments. As part of our review, we interviewed management personnel, observed demonstrations of new management systems, and reviewed documentation provided to support the actions taken to implement the recommendations. Please note that this review was not conducted as an audit under Generally Accepted Government Auditing Standards.

Throughout this review period, we received communications from 16 of the 20 departments with open recommendations. After reviewing the submitted documentation, we closed 24 recommendations and removed one recommendation as it was no longer feasible to complete. Of the recommendations closed, four were high priority, 16 were medium priority, and four were low priority. At the end of this review period, 118 recommendations remained open, with 116 of them past their original target completion dates.

Additionally, during this review period, the City reported **\$226,302.04** (Public Utilities, Social Services, Emergency Communications, and Parks & Recreation) in recovered funds from vendors previously identified in audits. **Table 1** below displays the total number of recommendations that were closed this quarter by department and priority level.

Table 1 - Closed Recommendations				
Department	High	Medium	Low	Total
Public Utilities	3	5	2	10
Human Resources	0	5	1	6
Police	0	1	1	2
Chief Administrative Office	0	1	0	1
Procurement Services	0	1	0	1
Housing & Community Development	0	1	0	1
Emergency Communications	1	0	0	1
Community Wealth Building	0	1	0	1
Clerk of Court for Juvenile Domestic Courts	0	1	0	1
Total	4	16	4	24

cc: The Richmond Audit Committee
The Richmond City Council



Appendices

The appendices on the following pages summarize the following information:

- Appendix A – Details of recommendations closed this quarter.
- Appendix B – Number of open recommendations by department.
- Appendix C – Details of high priority open recommendations.

Appendix A - Closed Recommendation Detail

Date Issued	Audit Number	Priority Level	Department	Recommendation
11/1/2018	2019-05	Low	Police	We recommend that the System Operations Administrator for Computer Services within RPD streamline the deposit process to ensure funds are deposited according to the City’s Cash Collection Policy.
1/1/2019	2019-07	Medium	Human Resources	We recommend that the CAO require all the City departments to document and formally approve all overtime hours in accordance with the City and departmental procedures.
5/1/2019	2019-12	Medium	Police	We recommend the Police Deputy Chief of Business Services establish a formal process to test the cameras on a periodic basis to ensure they are functioning and recording as intended.
10/1/2020	2021-04	Medium	Citywide	We recommend the Chief Administrative Officer set aside additional funding for the pension liability in future Budgets presented to City Council.
2/1/2021	2021-11	Medium	Housing & Community Development	We recommend the Deputy Chief Administrative Officer of Economic Development develop and implement policies and procedures to ensure the award letters include specific requirements for funds provided to recipients.
3/3/2022	2022-09	Medium	Human Resources	We recommend the Director of the Human Resources Department develop and implement a process to ensure salary changes are updated in a timely and consistent basis and automate the salary changes process within City departments and the Virginia Retirement System.
3/3/2022	2022-09	Medium	Human Resources	We recommend the Director of the Human Resources Department ensure all employees’ salaries in the Virginia Retirement System are updated.



Appendix A - Closed Recommendation Detail

3/3/2022	2022-09	Medium	Human Resources	We recommend the Director of the Human Resources Department compare the active employee listing against the Virginia Retirement System listing and cancel any policies that are still active for former employees that do not have retiree coverage.
3/3/2022	2022-09	Low	Human Resources	We recommend the Director of the Human Resources Department determine whether refunds can be obtained for the life insurance premiums paid for former employees.
3/3/2022	2022-09	Medium	Human Resources	We recommend the Director of the Human Resources Department develop and implement policies and procedures for reconciling the premiums for Health, Life, and Dental benefits.
4/26/2022	2022-10	Medium	Community Wealth Building	We recommend the Interim Director of OCWB either eliminate the use of gift cards for future assistance OR if used enhance the internal controls over the process to include: <ul style="list-style-type: none"> • Improve inventory controls; • Ensure applicants meet eligibility requirements; • Monitor for duplicate assistance requests; and • Use a cost effective means to procure the gift cards.
5/24/2022	2022-11	High	Emergency Communications	We recommend the Director of the Department of Emergency Communications research and collect the \$186,877 for FY2021.
6/6/2022	2022-12	Medium	Clerk of Court for Juvenile Domestic Courts	We recommend the Clerk of Court for Juvenile Domestic Courts research the potential duplicate payment of \$400 and recover funds, if applicable.
8/17/2022	2023-02	High	Public Utilities	We recommend that the DPU Director develop and implement processes and procedures to properly administer the hydrant inspection program to ensure that the hydrants are inspected timely.
8/17/2022	2023-02	Medium	Public Utilities	We recommend that the DPU Director develop and implement a centralized tracking method to capture a complete maintenance and inspection history for the fire hydrants.
8/17/2022	2023-02	Medium	Public Utilities	We recommend that the DPU Director automate the documentation process for the hydrant inspections.
8/17/2022	2023-02	Medium	Public Utilities	We recommend that the DPU Director ensure the required hydrant inspection cycle is clearly spelled out in the contract specifications.
2/28/2023	2023-09	High	Public Utilities	We recommend the Department of Public Utilities Deputy Director develop and implement a process to monitor estimated bills to include controls that limit the number of consecutive estimates.



Appendix A - Closed Recommendation Detail

2/28/2023	2023-09	High	Public Utilities	We recommend the Department of Public Utilities Deputy Director develop and implement a process to address the aging population of ERTs to include monitoring procedures.
2/28/2023	2023-09	Medium	Public Utilities	We recommend the Director of the Department of Public Utilities formalize and implement internal controls related to the adjustment process to include: * Conflicts of interest. * Review/Approval of Staff Adjustments * Enforcement of Staff Adjustment limits * Consumption Adjustment Limits
2/28/2023	2023-09	Medium	Public Utilities	We recommend the Director of the Department of Public Utilities develop a quality assurance process to assist with identifying and maintaining a listing of all meters throughout the City.
2/28/2023	2023-09	Low	Public Utilities	We recommend the Director of the Department of Public Utilities establish performance measures to provide employees with set goals and clear expectations.
2/28/2023	2023-09	Low	Public Utilities	We recommend the Director of the Department of Public Utilities establish a formal quality assurance plan for the Revenue and Recovery and the Billing and Exceptions units to ensure work is being reviewed regularly by management.
6/21/2024	2024-09	Medium	Procurement Services	We recommend the Procurement Services Senior Manager of Operations complete the review of vendors provided by the City Auditor’s Office and determine if: • the 64 inactive vendors should be activated, and • the 2,183 active vendors should be deactivated.



Appendix B - Number Open Recommendations By Department					
Department	High	Medium	Low	Total	Number of Total Recommendations Past Original Target Date**
Finance	7	20	3	30	28
Public Utilities	2	11	5	18	18
Human Services	0	5	4	9	9
Information Technology	0	4	4	8	8
Chief Administrative Office ¹	1	3	2	6	6
Fire and Emergency Services	0	5	1	6	6
Human Resources	0	4	2	6	6
Public Works	0	3	3	6	6
Social Services	0	5	1	6	6
Economic & Community Development	0	4	1	5	5
Emergency Communications	2	3	0	5	5
Procurement Services	0	2	3	5	5
Planning and Development Review	0	3	0	3	3
Budget	1	0	1	2	2
Housing & Community Development ²	0	1	0	1	1
Minority Business Development	0	1	0	1	1
Strategic Communications	0	1	0	1	1
Total	13	75	30	118	116

**Note: Recommendations assigned to Chief Administrative Officer includes recommendations specifically for the CAO or DCAOs and include recommendations written to multiple City Departments. However, if a recommendation was assigned to a specific department in the City’s management response, we assigned it to that department in the table.*

***Of the total open recommendations, this column represents the number of recommendations past the original target date provided by Departments when the report was issued. Two (2) recommendations have not reached the original target date, so they were not anticipated to be closed.*

¹ After discussion with the CAO’s office, nine recommendations previously included in the CAO’s count were transferred to other departments (Finance-2, HR-1, Economic Development-2, Procurement-1, DPW-3).

² Responsibilities related to six recommendations previously assigned to HCD were transferred to Human Services.



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Appendix C - High Priority Open Recommendation Detail

Department	Audit Number	Date Issued	Original Due Date	Recommendation
Budget	2022-10	4/26/2022	6/1/2023	<p>We recommend that the Chief Administrative Officer (CAO) establish a centralized grant management and sub-recipient oversight and monitoring function for the City to ensure:</p> <ul style="list-style-type: none"> • Grants are being properly administered to ensure compliance, including obtaining required reports and expenditures are allowable and adequately supported; • Grant contracts' scope of services clearly defines duties, responsibilities, and expectations of the recipients and that copies of fully executed contracts are maintained; • Grant contracts identify funds that recipients can retain for administrative/operational/unrestricted expenses; and • City staff charged with grant management and sub-recipient oversight receive proper training; and assistance in identifying grant opportunities for City departments.
Chief Administrative Officer (CAO)	2020-12	3/1/2020	7/1/2021	<p>We recommend the DCAO of Finance & Administration ensure the department directors require a periodic annual review of RAPIDS roles assigned to all City employees.</p>
Chief Administrative Officer (CAO)	2021-10	2/1/2021	12/1/2021	<p>We recommend the Chief Administrative Officer work with the City Attorney to develop and implement a formal policy to ensure the enforcement of delinquent real estate taxes is equitably applied to owner-occupied and non-owner-occupied properties.</p>
Emergency Communications	2022-11	5/24/2022	12/31/2023	<p>We recommend the Director of the Department of Emergency Communications ensure telecommunications tower leases are professionally managed either internally or externally with persons that have specialized training in regard to marketing, negotiating, and managing the leases.</p>
Emergency Communications	2022-11	5/24/2022	07/01/2024	<p>We recommend the Director of the Department of Emergency Communications ensure all leases in holdover are renegotiated and submitted to City Council for approval.</p>
Finance	2023-06	11/29/2022	07/01/2023	<p>We recommend the Director of Finance ensure entries are made in RAPIDS from the prior audit as well as those noted in this audit to correct RPS CIP account totals.</p>



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Appendix C - High Priority Open Recommendation Detail

Department	Audit Number	Date Issued	Original Due Date	Recommendation
Finance	2023-12	4/25/2023	06/30/2024	We recommend the Director of Finance ensure statutory assessments are conducted in accordance with Sec. 26-435 of the City Code and evaluate current practices and use of staff to manage non-filing businesses to increase tax enforcement efforts.
Finance	2023-12	4/25/2023	06/30/2023	We recommend the Director of Finance develop and implement a plan to reconcile the meals tax accounts timely to achieve the performance collection goals of the City and promote accurate and reconciled information in the partial payment letters.
Finance	2024-06	12/5/2023	3/31/2024	We recommend the Director of Finance refund erroneously assessed (by the system) interests on individual personal property tax bills from 6/7/2022 to 8/7/2022.
Finance	2024-06	12/5/2023	03/31/2024	We recommend the Director of Finance review individual personal property tax accounts with a penalty assessed before the due date (8/5) to verify the penalty was appropriate and make corrections.
Finance	2024-06	12/5/2023	12/31/2024	We recommend the Director of Finance periodically review those accounts where the owner's address is outside of the City limits but the vehicle is listed as garaged within the City.
Public Utilities	2023-02	8/17/2022	11/30/2022	We recommend that the DPU Director develop and implement processes and procedures to properly administer the hydrant repairs and replacements to ensure that the hydrants are put back into service timely including: a. Establishing a formal goal for hydrant repairs/replacements when utility markings are required; and b. Documenting any encountered delays.
Public Utilities	2023-09	2/28/2023	09/30/2023	We recommend the Director of the Department of Public Utilities establish a reconciliation process that includes ensuring bad debt accounts are returned to the City and/or collected accurately and in their entirety.