



Office of the City Auditor (OCA)

Richmond City Council

DATE: November 20, 2025

TO: Odie Donald II
Chief Administrative Officer

FROM: Riad Ali
City Auditor

SUBJECT: 2026-04 Period 1 Open Audit Recommendations Follow-Up

As a part of the audit process, we follow up on all open audit recommendations. We continuously meet and collaborate with departments to ensure the implementation of these recommendations and report the results on a periodic basis.

At the beginning of the 1st Period of FY 2025 (June 14, 2025, through October 24, 2025), there were 137 total open audit recommendations. During this period, the OCA issued 25 new recommendations. As part of our review, we interviewed management personnel 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 9 of the 18 departments with open recommendations. After reviewing the submitted documentation, 31 recommendations were closed, and one recommendation was removed as it was no longer applicable. Of the recommendations closed, 8 were high priority, 15 were medium priority, and 8 were low priority. At the end of this review period, 130 recommendations were open, with 124 of them past their original target completion dates.

Table 1 below displays the total number of recommendations that were closed this period by department and priority level.

Table 1 - Closed Recommendations				
Department	High	Medium	Low	Total
Department of Public Utilities	2	10	7	19
Richmond Retirement System	5	0	0	5
Department of Social Services	0	2	0	2
Department of Emergency Communications	0	1	0	1
Department of General Services	0	1	0	1
Department of Human Resources	0	0	1	1
Department of Information Technology	0	1	0	1
Department of Public Works	1	0	0	1
Total	8	15	8	31

cc: The Richmond Audit Committee
The Richmond City Council



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Appendices

The appendices on the following pages summarize the following information:

- [Appendix A](#) – Details of recommendations closed this period.
- [Appendix B](#) – Number of open recommendations by department.
- [Appendix C](#) – Newly issued recommendations.
- [Appendix D](#) – Details of high priority open recommendations.
- [Appendix E](#) – Definitions of audit recommendations priorities.

Appendix A - Closed Recommendation Detail

Date Issued	Audit & Recommendation Number	Priority Level	Department	Recommendation
3/1/2019	OCA 2019-10 Rec #1	Medium	General Services	We recommend that the Director of DPW ensure the Chief Special Capital Projects Manager reviews and reconciles all award expenditures on a monthly basis.
5/1/2019	OCA 2019-11 Rec #11	Medium	Social Services	We recommend that the CSA Program Administrator implement procedures to ensure that Medicaid funding is maximized, denial documentation is obtained and retained, and the use of CSA funding when Medicaid-funded placements and services are unavailable or inappropriate for the client is adequately documented.
5/1/2019	OCA 2019-11 Rec #17	Medium	Social Services	We recommend the CSA Program Administrator implement oversight and monitoring procedures to ensure that all applicable program requirements are met.
7/29/2021	OCA 2022-02 Rec #2	Medium	Information Technology	We recommend that the Department of Information Technology Director develop and implement a process for establishing guidelines for prioritizing IT Projects.
5/24/2022	OCA 2022-11 Rec #15	Medium	Emergency Communications	We recommend that the Director of the Department of Emergency Communications close the Special Revenue Fund Account and have the money moved to the General Fund.
6/6/2022	OCA 2022-12 Rec #3	Medium	Public Utilities	We recommend that the Director of Public Utilities ensure that all paid overtime noted within RAPIDS is adequately documented and approved.
6/6/2022	OCA 2022-12 Rec #6	Low	Human Resources	We recommend that the Director of Human Resources ensures employees maintain documents in adherence to the Virginia Records Retention General Schedule NO. 2.
8/17/2022	OCA 2023-02 Rec #6	Medium	Public Utilities	We recommend that the DPU Director ensure that the lateral valves are exercised during the hydrant inspections and observations are documented.



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Appendix A - Closed Recommendation Detail

Date Issued	Audit & Recommendation Number	Priority Level	Department	Recommendation
8/17/2022	OCA 2023-02 Rec #9	Medium	Public Utilities	We recommend that the DPU Director establish and implement a payment process that includes a defined billing time frame for completed work and a reconciliation process to ensure the billed quantities agree to the Inspector's pay sheets and contract rates prior to payment.
8/17/2022	OCA 2023-02 Rec #11	Low	Public Utilities	We recommend that the DPU Director develop and implement a transition plan to retain knowledge during staffing turnover.
8/17/2022	OCA 2023-02 Rec #12	Medium	Public Utilities	We recommend that the DPU Director develop and implement a plan to address the Water Distribution Division's needs that are currently being fulfilled by the Contractor's staff.
8/17/2022	OCA 2023-02 Rec #14	Low	Public Utilities	We recommend that the DPU Director continue to develop and implement a process to track and reconcile the materials issued to and used by the Contractor.
8/17/2022	OCA 2023-02 Rec #15	Low	Public Utilities	We recommend that the DPU Director develop and implement written inspection policies and procedures for the Water Distribution Division.
2/28/2023	OCA 2023-09 Rec #6	Low	Public Utilities	We recommend that the Director of the Department of Public Utilities ensure the FY22 MetroCare entries made in error are corrected.
2/28/2023	OCA 2023-09 Rec #9	Medium	Public Utilities	We recommend that the Director of the Department of Public Utilities formalize and implement a process to review the exceptions worked by staff.
2/28/2023	OCA 2023-09 Rec #16	Medium	Public Utilities	We recommend that the Department of Public Utilities Deputy Director develop a formal review process to ensure all required utility accounts are being reviewed for the following: * Deposit determinations * Deposit calculations when necessary * Supporting notes and documentation
2/28/2023	OCA 2023-09 Rec #17	Medium	Public Utilities	We recommend the Department of Public Utilities Deputy Director review the square footage formula for calculating commercial deposits to ensure consistency in calculation methods and update accordingly.
2/28/2023	OCA 2023-09 Rec #18	Medium	Public Utilities	We recommend the Department of Public Utilities Deputy Director develop a process to ensure that supporting documents related to utility deposits are retained according to VA Records Retention and Disposition Schedule GS-07.



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Date Issued	Audit & Recommendation Number	Priority Level	Department	Recommendation
10/8/2024	OCA 2025-03 Rec #1	High	Public Utilities	We recommend that the DPU Main Warehouse Program and Operations Supervisor develop and implement a process to ensure that the inventory data is accurate and complete, including at a minimum: a. Reconciling the system quantities to physical on-hand quantities, b. Capturing material costs, where appropriate, and c. Updating inventory locations as needed.
10/8/2024	OCA 2025-03 Rec #2	Medium	Public Utilities	We recommend that the DPU Main Warehouse Program and Operations Supervisor develop and implement a process to validate the quantity and existence of items delivered to job sites. For example, obtain packing slips and bills of lading.
10/8/2024	OCA 2025-03 Rec #3	High	Public Utilities	We recommend that the DPU Main Warehouse Program and Operations Supervisor develop and implement a process to ensure materials and supplies delivered directly to job sites are immediately requisitioned/issued out of the inventory system.
10/8/2024	OCA 2025-03 Rec #7	Medium	Public Utilities	We recommend that the DPU Main Warehouse Program and Operations Supervisor implement adequate segregation of duties or mitigating controls in the inventory count process.
10/8/2024	OCA 2025-03 Rec #10	Low	Public Utilities	We recommend the DPU Senior Director develop and implement a process for disposing of obsolete inventory.
10/8/2024	OCA 2025-03 Rec #11	Low	Public Utilities	We recommend that the Director of Public Utilities properly safeguard the inventory items currently stored in Building 20.
10/8/2024	OCA 2025-03 Rec #13	Low	Public Utilities	We recommend that the DPU Main Warehouse Manager develop and implement written policies and procedures to govern and guide warehouse operations and inventory management. At a minimum, these policies and procedures should address all recommendations in this report, including processes for ordering, receiving, storing, distributing, disposing, tracking, counting, and reconciling inventory. They should also define employees' roles and responsibilities and establish accountability.
12/3/2024	OCA 2025-06 Rec #1	High	Public Works	We recommend that DPW and DPU Directors work with the City Attorney's Office to recoup funds for the unallowable charges, overbilling, and questionable billing identified in this audit. In addition, review all outstanding invoices in detail and work with the City Attorney's Office on how to proceed.



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Appendix A - Closed Recommendation Detail

Date Issued	Audit & Recommendation Number	Priority Level	Department	Recommendation
5/9/2025	OCA 2025-10 Rec #4	High	Richmond Retirement System	We recommend that the Richmond Retirement System Senior Deputy Director actively pursue collection efforts for all identified overpayments to deceased retirees that are deemed collectible. To ensure accountability, RRS should: • Establish a structured collection process, including clear timelines for follow-ups and escalations. • Document all collection efforts, including communications, payment arrangements, and any legal actions taken. • Periodically review outstanding balances to assess whether additional collection efforts are warranted or if amounts should be written off per established criteria.
5/9/2025	OCA 2025-10 Rec #6	High	Richmond Retirement System	We recommend that the Richmond Retirement System Chief Financial Officer actively manage and monitor the deceased overpayments process by: • Reviewing overpayment calculations to ensure accuracy and compliance with established procedures. • Overseeing the tracking of outstanding amounts, ensuring all identified overpayments are properly documented in the tracking file. • Monitoring collection efforts to verify that appropriate actions are taken and follow-ups occur as required. To strengthen accountability, the Chief Financial Officer should document periodic reviews and require status updates from staff to ensure continued oversight.
5/9/2025	OCA 2025-10 Rec #7	High	Richmond Retirement System	We recommend the Richmond Retirement System Executive Director collaborate with the Board of Trustees to clarify oversight responsibilities and timeframes. At a minimum, this should include: • Reviewing City Code provisions with Board members and discussing their roles and responsibilities regarding oversight, to ensure shared understanding and compliance. • Documenting and formalizing communication protocols between RRS management and the Board of Trustees to ensure consistent escalation of significant issues, such as overpayments or control failures. • Providing periodic briefings or reports to the Board on operational risks, control weaknesses, and corrective actions taken by RRS management, even if the issues are considered operational in nature. • Conducting regular internal reviews of overpayment or underpayment cases and reporting summarized results to the Board.



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Appendix A - Closed Recommendation Detail

Date Issued	Audit & Recommendation Number	Priority Level	Department	Recommendation
5/9/2025	OCA 2025-10 Rec #8	High	Richmond Retirement System	We recommend that the Richmond Retirement System Senior Deputy Director update the Overpayment Collections Policy to include: • The corrected calculation method for overpayments, ensuring net amounts are used instead of gross amounts. • A defined timeframe for sending the first and second notification letters to deceased retirees' estates. • Clear responsibility assignments for creating and sending notification letters. • A timeframe for writing off accounts as uncollectible. • Identification of the individual or position responsible for determining when accounts should be written off. • A standardized methodology for determining which accounts qualify to be written off. These updates should be formally documented, communicated to staff, and periodically reviewed to ensure compliance and effectiveness. Once policies are updated, we recommend that the Richmond Retirement System Senior Deputy Director implement formal training for all relevant staff on overpayment handling, including: • SOP updates and how to apply them in daily operations. • Roles and responsibilities for processing, tracking, and escalating overpayments. • Use of the tracking file to ensure accurate recordkeeping. • Reporting requirements and escalation protocols for unresolved or questionable cases.
5/9/2025	OCA 2025-10 Rec #9	High	Richmond Retirement System	We recommend that the Richmond Retirement System Executive Director develop a plan to ensure overpayment processes continue uninterrupted when key staff leave. This plan should include: • Cross-training multiple employees on overpayment tracking, collections, and write-offs. • Requiring documentation and knowledge transfer for all financial processes related to overpayments. • Periodic reviews to ensure no single employee is solely responsible for the process.



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Appendix B - Number Open Recommendations By Department

Department	High	Medium	Low	Total	Number of Total Recommendations Past Original Target Date**
Finance	7	18	3	28	28
Public Utilities	6	9	4	19	19
Procurement Services***	12	3	0	15	14
Human Services	3	7	2	12	10
General Services***	5	2	2	9	9
Chief Administrative Office***	6	3	0	9*	7
Fire & Emergency Services	0	5	1	6	6
Economic Development	0	4	1	5	5
Human Resources	0	4	1	5	5
Richmond Retirement System	3	1	0	4	3
Emergency Communications	2	1	0	3	3
Information Technology	0	1	2	3	3
Planning & Development Review	0	3	0	3	3
Public Works	1	1	1	3	3
Budget & Strategic Planning	1	0	1	2	2
Social Services	0	2	0	2	2
Office of Minority Business Development	0	1	0	1	1
Strategic Communications	0	1	0	1	1
Grand Total	46	66	18	130¹	124

**Note: Recommendations assigned to the Chief Administrative Office 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. Six recommendations have not reached the original target date, so they were not anticipated to be closed.*

****The OCA issued 25 new recommendations in the 1st period of FY 2026. All newly issued recommendations are open. These recommendations are reflected in the counts above. A breakdown of these recommendations is noted in Appendix C.*

¹ Because this is an ongoing process, this report reflects the status as of the cutoff date for review. Consequently, additional documentation may have been submitted after that date but before the report's issuance.



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Appendix C- Newly Issued Recommendations by Department

Department	High	Medium	Low	Total
Procurement Services	12	2	0	14
General Services	5	2	2	9
Chief Administrative Office (CAO)	2	0	0	2
Total	20	2	3	25



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Appendix D - High Priority Open Recommendation

Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
Budget & Strategic Planning	OCA 2022-10 Rec #1	4/26/2022	6/1/2023	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: • 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 Office	OCA 2020-12 Rec #7	3/1/2020	7/1/2021	We recommend the DCAO of Finance & Administration ensure the department directors require a periodic annual review of RAPIDS roles assigned to all City employees.
Chief Administrative Office	OCA 2025-08 Rec #3	2/18/2025	7/1/2026	We recommend that the CAO collaborate with City Council to establish a funding mechanism for determining the total amount available for non-departmental charitable organization grants. This amount should be provided to reviewers before the award review process begins to support informed decision-making and, if feasible, made available to applicants to promote transparency.
Chief Administrative Office	OCA 2025-11 Rec #2	6/24/2025	9/1/2025	We recommend that the Chief Administrative Officer, in coordination with the Director of Procurement Services and the Director of Human Resources, develop and implement a spending policy to clarify the appropriate use of public funds for non-essential purchases. At a minimum, the policy should: • Define categories of expenditures, including those that are strictly prohibited, generally allowable, and allowable with written justification. • Establish thresholds and documentation requirements for common items such as food, employee recognition events, gifts, and non-essential supplies. • Require written justification and pre-approval for purchases that exceed defined dollar thresholds or fall outside core operational needs.



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Appendix D - High Priority Open Recommendation

Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
Chief Administrative Office	OCA 2025-11 Rec #12	6/24/2025	12/1/2025	We recommend that the Chief Administrative Officer, in coordination with Director of Procurement Services and the Director of Human Resources, take steps to strengthen the enforcement of existing conflict of interest policies and enhance employee accountability. At a minimum, the City should: • Require at least annual conflict of interest disclosures from all employees with purchasing, approval, or vendor selection authority, and establish a process for reviewing and acting on disclosed relationships. • Develop a centralized conflict of interest tracking system to log disclosures, related exceptions, and review determinations, ensuring consistent handling across departments and visibility to DPS. • Develop annual conflict of interest and ethics training for all cardholders, approvers, and employees with purchasing authority using real examples to reinforce expectations and risk awareness. • Establish and communicate clear enforcement protocols for policy violations, including temporary suspension of purchasing privileges, formal referrals to HR or the Inspector General, and required retraining or disciplinary actions as warranted.
Chief Administrative Office (Multiple Depts)	OCA 2025-06 Rec #4	12/3/2024	3/3/2025	We recommend that DPW and DPU Directors define a process to ensure that bid line items are adequately defined in all contract documents and that employees and contractors both explicitly understand what is to be billed.
Chief Administrative Office (Multiple Depts)	OCA 2025-06 Rec #6	12/3/2024	7/1/2025	We recommend that DPW and DPU Directors develop and implement a process to ensure that goods and services are billed in accordance with contract terms and conditions, invoices are reviewed for accuracy, and proper support is provided prior to payment. This process should explicitly ensure that employees receive and review contracts they are assigned to manage and that they determine how to verify an invoice for accuracy once invoice review duties have been assigned.
Emergency Communications	OCA 2022-11 Rec #10	5/24/2022	12/31/2023	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 regards to marketing, negotiating, and managing the leases.



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Appendix D - High Priority Open Recommendation

Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
Emergency Communications	OCA 2022-11 Rec #11	5/24/2022	7/1/2024	We recommend the Director of the Department of Emergency Communications ensure all leases in holdover are renegotiated and submitted to City Council for approval.
Finance	OCA 2021-10 Rec #1	2/1/2021	12/1/2021	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.
Finance	OCA 2023-06 Rec #1	11/29/2022	07/01/2023	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.
Finance	OCA 2023-12 Rec #1	4/25/2023	06/30/2023	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	OCA 2023-12 Rec #7	4/25/2023	06/30/2024	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	OCA 2024-06 Rec #2	12/5/2023	03/31/2024	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	OCA 2024-06 Rec #3	12/5/2023	3/31/2024	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	OCA 2024-06 Rec #6	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.



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Appendix D - High Priority Open Recommendation

Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
General Services	OCA 2026-01 Rec #1	7/1/2025	9/1/2025	We recommend that the Director of General Services update, enhance, and implement a formal fuel policy that defines review criteria, documentation standards, escalation procedures, and responsibilities across departments, to include adequate oversight of the Fleet Fuel Program. At a minimum, the Fleet policy should: • Define roles and responsibilities for all employees involved in the fuel program, including PIN holders, fuel custodians, and fleet management and staff. • Include criteria for reviewers to detect irregular activity in alignment with fuel monitoring best practices and observations noted throughout the report. • Ensure vendor exception reports are reviewed. • Require all departments to certify with Fleet that they have conducted periodic transaction reviews and documented any issues. • Establish segregation of duties, to include ensuring that no single employee has complete control over PIN, card, and transaction review processes. • Clarify requirements for supervisor card use, odometer entry, rental card issuance and deactivation. • Require the consistent use and review of supervisor fuel logs for irregular usage patterns or excessive activity. • Establish review thresholds to ensure that no single fuel custodian is responsible for an excessive workload that compromises the quality of oversight. In addition, we recommend that policies are periodically reviewed, updated, and timely communicated to staff.
General Services	OCA 2026-01 Rec #2	7/1/2025	9/1/2025	We recommend that the Director of General Services evaluate whether the City's current tools provide sufficient functionality to support effective fuel oversight. At a minimum, Fleet should: • Review whether the current vendor offers enhanced tools such as automated alerts, exceptions reporting, configurable controls, or PIN lockout features. If they do not, assess whether moving to a new fuel system or vendor would better suit the City's needs. • Assess if the City's current fleet management software allows more robust fuel management oversight for an integrated approach to overall fleet management. If it does not, Fleet should consider if an update to the current system or a better system would suit their needs. • Engage with peer cities to identify available technology solutions that improve control over decentralized fuel usage.



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Appendix D - High Priority Open Recommendation

Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
General Services	OCA 2026-01 Rec #3	7/1/2025	9/1/2025	We recommend that the Director of General Services ensure that Fleet adopts a data-driven oversight process for centralized fuel management. At a minimum, Fleet should: • Develop a standard data driven protocol that is based on best practices described in this report and that is utilized to detect abnormal transactions. • Use data to help determine if fuel custodians are performing appropriate review and oversight. When fuel oversight appears to be lacking, Fleet should retrain or require replacement of fuel custodians. When any abnormal activity is identified, Fleet should ensure escalation procedures are followed and that potentially fraudulent activity is referred to investigative agencies.
General Services	OCA 2026-01 Rec #4	7/1/2025	9/1/2025	We recommend that the Director of General Services develop a formal fuel training program for Fleet employees, PIN holders, and fuel custodians. At a minimum, the training program should: • Cover roles and responsibilities for Fleet employees, PIN holders, and fuel custodians, as well as mandatory City policies. • Include training for Fleet employees and Fuel Custodians that covers transaction review procedures, use of vendor exception reports, fraud red flags, and Excel-based data analysis. In addition, we recommend that this training should occur when a PIN holder or fuel custodian are assigned their responsibility and refresher training should occur at least annually.



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Appendix D - High Priority Open Recommendation

Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
General Services	OCA 2026-01 Rec #5	7/1/2025	9/1/2025	We recommend that the Director of General Services redesign the City's PIN management process to improve accountability, compliance with policy, reduce risk, and ensure PIN access is actively monitored. At a minimum, Fleet should: • Strategically reissue PINs across the City where irregularities are detected. • Require departments to verify at least annually that each employee with an active PIN is still employed, still assigned to their department, and has signed a valid user agreement. • Develop and enforce accountability measures for employees identified to be sharing their PIN. • Establish a process to generate and review periodic reports of inactive PINs and follow up with departments to determine whether deactivation is appropriate. • Implement system checks to identify and flag employees with multiple PINs. • Develop a centralized, digital archive of signed PIN User Agreements and require departments to resubmit missing forms for any active PINs.



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Appendix D - High Priority Open Recommendation

Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
Human Services	OCA 2025-08 Rec #1	2/18/2025	7/1/2026	We recommend that the CAO collaborate with City Council to develop and implement comprehensive policies and procedures for the non-departmental grant award process. These policies and procedures should: • Establish a centralized, standardized framework governing the application review and grant award process for all non-departmental charitable organizations. • Include specific requirements for application deadlines, scoring criteria, conflict-of-interest management, and document retention. • Ensure that all reviewers document and justify funding recommendations when deviating from established criteria or scoring thresholds. Additionally, the CAO should: • Ensure that these policies are thoroughly documented and consistently applied by all departments involved in the process. • Effectively communicate the process in the application materials. • Establish a monitoring mechanism to ensure compliance with the new policies and procedures and periodically review their effectiveness in achieving a fair and transparent grant award process.
Human Services	OCA 2025-08 Rec #2	2/18/2025	7/1/2026	We recommend that the CAO enforce the deadlines stated in grant application materials or formally document the approval of any extensions. Additionally, if a deadline extension is granted, it should be publicly communicated and made available to all potential applicants.



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Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
Human Services	OCA 2025-08 Rec #5	2/18/2025	2/18/2025	We recommend that the CAO facilitate regular communication with City Council to ensure their informational needs are met for future funding decisions on non-departmental grants. At a minimum, the CAO should: • Implement a system to collect and maintain detailed performance and financial data from all grantees to support accurate and comprehensive reporting to City Council. • Develop a detailed template that includes performance data for each grantee, a comparison of achievements against grant contract requirements, financial data on expenditures and balances, and progress updates on current-year allocations, ensuring comprehensive coverage of all departments managing non-departmental grants. • Establish a formal process within the CAO's office to ensure compliance with City Code requirements for reporting on non-departmental charitable organizations. If the current City Code is not feasible to follow, the CAO should collaborate with City Council and the City Attorney's Office to update the Code.



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Appendix D - High Priority Open Recommendation

Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
Procurement Services	OCA 2025-11 Rec #1	6/24/2025	11/1/2025	We recommend that the Director of Procurement Services, in coordination with the Chief Administrative Officer, structure the relaunch of the City's P-Card Program to incorporate audit findings and reestablish strong foundational controls. At a minimum, the relaunch should: • Update policies to define roles and responsibilities for governance, monitoring, and enforcement across departments and comprehensively defines allowable and unallowable purchases. • Develop a comprehensive training program on new policies, procedures, and requirements and train all individuals involved in the P-Card program prior to program restart and periodically, at least once a year, thereafter. This training should include all applicable procurement laws and regulations. • Establish clear criteria for card reactivation, including mandatory training and policy acknowledgments. • Require departments to reapply for P-Cards with justification based on operational need. • Reinforce new policy restrictions (e.g., no director-level cards, limited food and travel use, registered vendor requirements). • Communicate program changes citywide, including expectations, timelines, and escalation procedures.
Procurement Services	OCA 2025-11 Rec #3	6/24/2025	11/1/2025	We recommend that the Director of Procurement Services restructure roles and responsibilities within P-Card Administration to reduce excessive concentration of duties and strengthen system access controls. At a minimum, DPS should: • Reassign key program responsibilities so that card issuance, transaction approval, reconciliation, and monitoring are handled by separate individuals or teams. • Limit the P-Card Administrator's ability to approve transactions and upload to the financial system. • Remove administrative access in Works from employees who do not perform P-Card administrator duties. • Create compensating controls (e.g., secondary review or audit trail logs) for any areas where full segregation is not feasible.



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Appendix D - High Priority Open Recommendation

Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
Procurement Services	OCA 2025-11 Rec #4	6/24/2025	11/1/2025	We recommend that the Director of Procurement Services strengthen approver oversight across all City departments. At a minimum, DPS should: • Require that departments submit documentation asserting that approvers are positioned to assess the operational necessity of cardholder purchases and deny approval when deemed inappropriate. Completed 6/12/2025 • Prohibit approvers from reviewing transactions initiated by individuals in a supervisory or higher-level reporting relationship. Completed 5/9/2025 • Require periodic review of P-Card system approval hierarchy to identify and correct approval assignments that reduce effective oversight. • Assist departments in establishing clear procedures that ensure requisition, purchasing, receiving, and payment authorization responsibilities are appropriately segregated in practice and not just in system configuration. • Develop and implement a formal policy that restricts the number of cardholders assigned to a single approver, taking into account transaction volume, purchase complexity, and the approver's oversight capacity. • Require departments to monitor approver workloads on a recurring basis and adjust assignments as needed to ensure transaction reviews remain effective. Also, ensure that each department has a backup approver trained. • Require training for departmental and procurement-level approvers on invoice fraud indicators, quote manipulation tactics, invoice alterations, and procedures for independently verifying the receipt of goods and services.
Procurement Services	OCA 2025-11 Rec #5	6/24/2025	5/19/2025	We recommend that the Director of Procurement Services conduct a comprehensive review and reconfiguration of system controls for all active P-Cards. At a minimum, DPS should: • Restrict MCC categories to only those necessary for the cardholder's operational duties and use "permit and notify" settings for sensitive categories. • Ensure all cardholders have an assigned approver in the P-Card system and eliminate auto-approval settings. • Implement tiered spending thresholds (e.g., single, daily, monthly) to facilitate detection of unusual activity.
Procurement Services	OCA 2025-11 Rec #6	6/24/2025	11/1/2025	We recommend the Director of Procurement Services establish clear guidance on whether and when vendors are paid through third-party platforms (e.g., Square, PayPal, Venmo).



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Appendix D - High Priority Open Recommendation

Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
Procurement Services	OCA 2025-11 Rec #7	6/24/2025	1/1/2026	We recommend that the Director of Procurement Services update procurement policies and procedures to strengthen procurement controls and oversight. At a minimum, the updates should reevaluate the City's procurement thresholds, including the single-quote threshold, to ensure alignment with peer governments, the City's internal control environment, and its risk tolerance.
Procurement Services	OCA 2025-11 Rec #8	6/24/2025	11/1/2025	We recommend that the Director of Procurement Services take steps to strengthen enforcement of existing P-Card policy requirements. At a minimum, DPS should: • Require complete and itemized documentation for all P-Card transactions, including receipts, stated business purpose, and all applicable pre-approval forms (e.g., meal, travel, DIT). • Identify and track cardholders and approvers who repeatedly fail to provide adequate documentation and implement corrective actions as warranted. • Enforce progressive disciplinary measures, including suspension of P-Card privileges for repeat noncompliance.
Procurement Services	OCA 2025-11 Rec #9	6/24/2025	11/1/2025	We recommend that the Director of Procurement Services improve timeliness of cardholder and approver reviews by consistently enforcing approval deadlines and escalating policy violations. At a minimum, DPS should: • Continue monitoring approval timeliness, send monthly reminders to departments with overdue items, and escalate repeated violations through formal notices and disciplinary actions, including card suspensions. • Minimize use of the sweep function by encouraging timely review and require departments to investigate and resolve any swept transactions not reviewed by cardholders or approvers.



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Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
Procurement Services	OCA 2025-11 Rec #10	6/24/2025	11/1/2025	We recommend that the Director of Procurement Services enhance monitoring of citywide purchasing activity by developing a data-driven and risk-based approach. At a minimum, DPS should: • Conduct periodic reviews focused on high-risk indicators of policy violations, including potential split purchases, transactions just below competitive thresholds, excessive purchases from non-contracted vendors, and duplicate vendors with common addresses or ownership ties. • Analyze purchases to identify opportunities to establish contracts to take leverage the City's purchasing power. • Ensure review findings are communicated to relevant departments for investigation and corrective action, and track whether issues are recurring by cardholder or vendor.
Procurement Services	OCA 2025-11 Rec #11	6/24/2025	11/1/2025	We recommend that the Director of Procurement Services conduct periodic, data-driven reviews of credit limits and card utilization. At a minimum, DPS should: • Set standard usage thresholds (e.g., cards used for less than \$5,000 over 12 months) to identify underused cards for potential deactivation. • Require written justification for retaining low-usage cards or maintaining elevated credit limits. • Adjust card limits based on actual spending patterns and operational needs. • Incorporate credit limit analysis into the annual program review and retain documentation of any decisions made. • Require independent documentation and justification for all credit limit increases and prohibit self-authorization.



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Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
Procurement Services	OCA 2025-11 Rec #13	6/24/2025	11/1/2025	We recommend that the Director of Procurement Services strengthen controls to ensure that departments utilize existing contracts and confirm pricing. At a minimum, DPS should: • Incorporate contract awareness content into mandatory P-Card and procurement training programs for cardholders and approvers. • Require cardholders and approvers to verify the existence of applicable contracts before initiating purchases when practical. • Explore functionality enhancements that link P-Card transactions to active contracts to ensure contract balances are updated in real time. • Periodically review P-Card transaction data to identify where contracts are warranted.
Procurement Services	OCA 2025-11 Rec #14	6/24/2025	11/1/2025	We recommend that the Director of Procurement Services resume and expand monitoring for split purchases and ensure enforcement. At a minimum, DPS should: • Resume monthly generation and review of the Single Transaction Report from the Works system. • Expand monitoring to identify cross-card and cross-vendor split transactions, which may indicate policy circumvention. • Require all identified split transactions to be communicated to departments, documented, and formally investigated. • Develop and enforce disciplinary measures for policy violations and track repeat offenders across departments.
Public Utilities	OCA 2023-09 Rec #7	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.



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Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
Public Utilities	OCA 2025-05 Rec #1	11/13/2024	12/31/2024	We recommend that the DPU Senior Director establish a process to define, document, and communicate what items should be classified as stock and non-stock items in the WWTP Warehouse. Further, assess the feasibility of centralizing the process of ordering and receiving stock and non-stock items through the WWTP Warehouse. If deemed to be feasible, establish a process to implement centralized ordering and receiving. If deemed not feasible: a. Mandate that all inventory stock items, including those ordered for projects, be ordered through the warehouse, tracked in the inventory system, and managed and monitored by the warehouse staff. b. Establish a process to track all items ordered outside of the established warehouse process that includes tracking receipt and usage and labeling all parts along with their designated location.
Public Utilities	OCA 2025-05 Rec #2	11/13/2024	1/31/2025	We recommend that the DPU Senior Deputy Director over the WWTP Warehouse establish a process to ensure all materials are tracked and documented on work orders to include the following: a. The description and quantity of the material used. b. The asset being serviced, if not otherwise noted on the work order.
Public Utilities	OCA 2025-05 Rec #7	11/13/2024	3/31/2025	We recommend that the WWTP Warehouse and Materials Supervisor conduct a full inventory count to establish a baseline for quantities on hand. Once a baseline is established, develop and implement a process to ensure that the inventory data is accurate and complete, including at a minimum: a. Reconciling the system quantities to physical on-hand quantities, b. Capturing costs, where appropriate, c. Updating inventory locations as needed, d. Reconciling the quantity of inventory received in and issued from the warehouse to the inventory system to ensure they are accurately keyed, and e. Reviewing the system conversion factors for accuracy.



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Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
Public Utilities	OCA 2025-05 Rec #9	11/13/2024	3/31/2025	We recommend that the WWTP Warehouse and Materials Supervisor develop, document, and implement a formal inventory count process. At a minimum, this process should ensure an appropriate amount of inventory is counted, assess which inventory items should be counted, and assess the frequency of the counts required.
Public Utilities	OCA 2025-05 Rec #14	11/13/2024	3/31/2025	We recommend the WWTP Warehouse and Materials Supervisor develop and implement a process to: a. establish minimum and maximum levels and re-order points, b. periodically reviewing the inventory data to assess existing minimum and maximum levels and make changes as needed; and c. optimize the level of inventory maintained and document justification for when maximum levels are exceeded.
Public Works	OCA 2025-06 Rec #7	12/3/2024	3/1/2025	We recommend that DPW and DPU Directors ensure that staff responsible for managing contracts and reviewing invoices are properly trained, including invoice verification procedures. Employees designated to review invoices by Contract Administrators should be explicitly trained on what those duties entail, and the Contract Administrator should be responsible for oversight.



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Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
Richmond Retirement System	OCA 2025-10 Rec #1	5/9/2025	5/31/2025	We recommend that the Richmond Retirement System Senior Deputy Director establish and implement a formal process to improve the identification and verification of deceased retirees. This process should include: • Defining when and how employees should research obituaries, including how findings should be documented (e.g., date of research, sources reviewed, and results). • Formally documenting the review of vendor-supplied death audit reports, including the verification of identified retirees. • Periodically evaluating the effectiveness of vendor-supplied death audits, assessing whether reports are sufficient, and determining if an alternative or updated report is warranted. • Developing and tracking performance measures, including metrics for the timely deactivation of retiree accounts following notification of death. In addition, we recommend that RRS establish a review mechanism to ensure compliance with these procedures and require periodic internal assessments to confirm that obituary research, death audit reviews, and vendor evaluations are conducted as intended.
Richmond Retirement System	OCA 2025-10 Rec #3	5/9/2025	5/31/2025	We recommend that the Richmond Retirement System Senior Deputy Director review deceased retirees paid after their date of death and take the following actions: • Determine the total amount overpaid and still uncollected. • Assess past collection efforts, including what actions were taken and their effectiveness. • Investigate potentially fraudulent activity and report any findings to the appropriate oversight organizations. All identified overpayments should be tracked in the department's tracking file, and documentation of all collection efforts should be maintained by the Retirement System.



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Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
Richmond Retirement System	OCA 2025-10 Rec #5	5/9/2025	6/30/2026	We recommend that the Richmond Retirement System Senior Deputy Director coordinate with external agencies to attempt to recover overpayments related to insurance premiums and taxes paid on behalf of deceased retirees. To ensure effectiveness, RRS should: • Identify which agencies (e.g., tax authorities, insurance providers) received payments on behalf of deceased retirees. • Determine refund eligibility for overpaid amounts. • Formally request reimbursement and maintain documentation of all efforts. • Track the status of recoupment efforts in the department's overpayments tracking file.



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Appendix E – Priority Level Definitions	
Priority Level	Recommendation
High	The recommendation addresses critical issues that are occurring that pose significant risks to the organization, including significant internal control weaknesses, non-compliance with laws and regulations, financial losses, fraud, and costly or detrimental operational inefficiencies.
Medium	The recommendation addresses moderate issues that could escalate into larger problems if left unaddressed. While they may not pose an immediate risk, they could lead to significant financial losses or costly operational inefficiencies over time. There is potential to strengthen or improve internal controls.
Low	The recommendation improves overall efficiency, accuracy, or performance in City operations.

The Office of the City Auditor (OCA) assigns priority ratings for the recommendations based on the importance and impact of each recommendation to the City, as outlined in the table above. The OCA is responsible for assigning priority ratings for recommendations, and the City Administration is responsible for establishing target dates for implementing the recommendations.