Office of the **C**ity **A**uditor **(OCA)**

Richmond City Council

DATE: March 04, 2026

TO: Odie Donald II
Chief Administrative Officer

FROM: Riad Ali
City Auditor

SUBJECT: 2026-08 Period 2 Open Audit Recommendations Follow-Up

As a part of the audit process, we follow up on all open audit recommendations issued by the Office of the City Auditor (OCA). We continuously meet with departments to monitor, discuss, and assess the implementation status of these recommendations and periodically report on results.

At the beginning of the 2nd period of FY 2026 (October 25, 2025, through January 28, 2026), there were 130 total open audit recommendations. During this period, the OCA issued 10 new recommendations, for a total of 140 open recommendations during the period. As part of our review, we interviewed management and 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 updates from 13 of the 19 departments with open recommendations. Based on our review of submitted documentation, we closed 21 recommendations and removed 2 recommendations that were no longer applicable. Of the recommendations closed, 13 were high priority, 7 were medium priority, and 1 was low priority. At the end of the review period, 117 recommendations remained open, including 108 that were 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 Procurement Services	9	1	0	**10**
Department of Public Utilities	1	3	0	**4**
Richmond Retirement System	3	1	0	**4**
Department of Information Technology	0	1	1	**2**
Department of Human Resources	0	1	0	**1**
Total	**13**	**7**	**1**	**21**

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 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
3/3/2022	OCA 2022-09 Rec #7	Medium	Human Resources	We recommend the Director of the Human Resources Department ensure Life Insurance variances identified in the monthly reconciliations are resolved in a timely manner.
8/17/2022	OCA 2023-02 Rec #13	Medium	Public Utilities	We recommend the DPU Director automate the inspection documentation process and centralize the tracking for non-hydrant work.
2/28/2023	OCA 2023-09 Rec #7	High	Public Utilities	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.
2/28/2023	OCA 2023-09 Rec #19	Medium	Public Utilities	We recommend the Department of Public Utilities Deputy Director add all commercial reset meters for new accounts to the EWQ Referral Report for commercial turn-ons to be reviewed for deposits.
5/30/2023	OCA 2023-13 Rec #1	Medium	Information Technology	CONFIDENTIAL - FOIA EXEMPT
5/30/2023	OCA 2023-13 Rec #2	Low	Information Technology	CONFIDENTIAL - FOIA EXEMPT

**Appendix A - Closed Recommendation Detail**
Date Issued	**Audit & Recommendation Number**	**Priority Level**	**Department**	**Recommendation**
10/8/2024	OCA 2025-03 Rec #9	Medium	Public Utilities	We recommend that the DPU Main Warehouse Program and Operations Supervisor develop and implement a process to: a. establish minimum and maximum levels and re-order quantities, 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.
5/9/2025	OCA 2025-10 Rec #1	High	Richmond Retirement System	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.

			Appendix A - Closed Recommendation Detail	
Date Issued	**Audit & Recommendation Number**	**Priority Level**	**Department**	**Recommendation**
5/9/2025	OCA 2025-10 Rec #2	Medium	Richmond Retirement System	We recommend that the Richmond Retirement System Chief Financial Officer collaborate with the Department of Information Technology to: • Determine system limitations regarding how far back dates of death can be entered into the COR ERP system. • If no limitations exist, ensure that the actual date of death is entered for all deceased retirees to improve accuracy in overpayment calculations and recordkeeping. • If system limitations exist, develop an alternative method to accurately track actual dates of death for historical cases. • Implement periodic system reviews to ensure dates of death are accurately recorded and updated as needed.
5/9/2025	OCA 2025-10 Rec #3	High	Richmond Retirement System	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.

Appendix A - Closed Recommendation Detail				
Date Issued	Audit & Recommendation Number	Priority Level	Department	Recommendation
5/9/2025	OCA 2025-10 Rec #5	High	Richmond Retirement System	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.
6/24/2025	OCA 2025-11 Rec #3	High	Procurement Services	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.

				Appendix A - Closed Recommendation Detail

Date Issued	Audit & Recommendation Number	Priority Level	Department	Recommendation
6/24/2025	OCA 2025-11 Rec #5	High	Procurement Services	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.
6/24/2025	OCA 2025-11 Rec #6	High	Procurement Services	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).
6/24/2025	OCA 2025-11 Rec #8	High	Procurement Services	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.

Appendix A - Closed Recommendation Detail				
Date Issued	Audit & Recommendation Number	Priority Level	Department	Recommendation
6/24/2025	OCA 2025-11 Rec #9	High	Procurement Services	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.
6/24/2025	OCA 2025-11 Rec #10	High	Procurement Services	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.

Appendix A - Closed Recommendation Detail				
Date Issued	Audit & Recommendation Number	Priority Level	Department	Recommendation

6/24/2025	OCA 2025-11 Rec #11	High	Procurement Services	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.

6/24/2025	OCA 2025-11 Rec #13	High	Procurement Services	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.

Appendix A - Closed Recommendation Detail				
Date Issued	**Audit & Recommendation Number**	**Priority Level**	**Department**	**Recommendation**
6/24/2025	OCA 2025-11 Rec #14	High	Procurement Services	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.
6/24/2025	OCA 2025-11 Rec #16	Medium	Procurement Services	We recommend that the Director of Procurement Services attempt to recoup any recoverable funds identified throughout this audit, by the vendor and DPS.

Appendix B - Number of Open Recommendations By Department				
Department	High	Medium	Low	Total	Number of Total Recommendations Past Original Target Date**[1]
Finance***	8	18	3	**29**	**28**
Public Utilities	5	6	4	**15**	**15**
Chief Administrative Office***	11	3	1	**15***	**11**
Human Services	3	6	1	**10**	**8**
General Services	5	2	2	**9**	**9**
Fire and Emergency Services***	1	5	1	**7**	**6**
Procurement Services***	3	3	0	**6**	**6**
Economic Development	0	4	1	**5**	**5**
Human Resources	0	3	1	**4**	**4**
Emergency Communications	2	1	0	**3**	**3**
Planning & Development Review	0	3	0	**3**	**3**
Public Works	1	1	1	**3**	**3**
Budget & Strategic Communication	1	0	1	**2**	**2**
Social Services	0	2	0	**2**	**2**
Information Technology	0	0	1	**1**	**1**
Minority Business Development	0	1	0	**1**	**1**
Police Department***	1	0	0	**1**	**0**
Strategic Communications	0	1	0	**1**	**1**
Grand Total	**41**	**59**	**17**	**117[2]**	**108**

Note: Recommendations issued to the Chief Administrative Officer (CAO), Deputy CAOs, or multiple departments are listed under the Chief Administrative Office unless the City's management response identifies a specific department as responsible. In that case, the recommendation appears under that department in the table.

**This column shows the number of open recommendations that are past the original target date provided by departments when the report was issued. Five recommendations have not yet reached their original target date and were therefore not expected to be closed.*

***The OCA issued 10 new recommendations during the second period of FY 2026, all of which remain open. These recommendations are included in the counts above, with a detailed breakdown provided in Appendix C.*

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[1] When Audit #2026-05 Citywide Warehousing and Inventory Management – Final Phase was issued, interim due dates were included as target implementation dates for some recommendations in management's response. During this period's follow up process, City Administration subsequently provided final due dates for Recommendations 1 and 3 through 5, and we have updated our records to reflect those dates.

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

Appendix C- Newly Issued Recommendations				
Department	High	Medium	Low	Total
Chief Administrative Office	5	0	1	**6**
Finance	1	0	0	**1**
Fire and Emergency Services	1	0	0	**1**
Police Department	1	0	0	**1**
Procurement Services	0	1	0	**1**
Total	**8**	**1**	**1**	**10**

Appendix D - High Priority Open Recommendation				
Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation

Budget & Strategic Communication	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 2025-06 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	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.

		Appendix D - High Priority Open Recommendation		
Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
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.

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.

Appendix D - High Priority Open Recommendation				
Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation

Chief Administrative Office	OCA 2026-05 Rec #1	11/21/2025	12/15/2025	We recommend that the Chief Administrative Officer (CAO) conduct a comprehensive inventory assessment and cost-benefit analysis to determine the appropriate level of inventory controls and warehouse configuration. This should include:
				• Establishing an assessment team to:
				  o Conduct a citywide inventory assessment of existing inventory and storage infrastructure by department and warehouse;
				  o Identify gaps, redundancies, staffing requirements, and department-specific needs; and
				  o Evaluate the feasibility and benefits of centralized, decentralized, or hybrid warehouse models based on item type, usage frequency, location, and operational requirements.
				
				• Conducting a cost-benefit analysis to define the level of inventory controls appropriate to risk, cost, and service-delivery impact and confirm the target warehouse configuration.
				
				After completing the city-wide assessment, the CAO should utilize the results to establish minimum inventory standards and controls required for all departments. These standards should align with industry best practices and, at a minimum, establish requirements and criteria for:
				• Roles and responsibilities,
				• Standardized tracking and record keeping of inventory,
				• Physical inventory counts and reconciliations,
				• Monitoring, training, and oversight,
				• Proper documentation and retention,
				• Physical security of assets, and
				• Periodic review and reporting on inventory performance metrics.
				
				Regardless of the warehouse model selected, the City should implement centralized oversight and monitoring.

Appendix D - High Priority Open Recommendation				
Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
Chief Administrative Office	OCA 2026-05 Rec #2	11/21/2025	1/16/2026	We recommend that the CAO implement an interim plan to begin addressing the below minimum standards while the City conducts the citywide assessment and cost-benefit analysis. • Roles and responsibilities, • Standardized tracking and record keeping of inventory, • Physical inventory counts and reconciliations, • Monitoring, training, and oversight, • Proper documentation and retention, • Physical security of assets, and • Periodic review and reporting on inventory performance metrics. These interim actions should ensure that departments begin strengthening inventory management practices and aligning with anticipated citywide standards.
Chief Administrative Office	OCA 2026-05 Rec #3	11/21/2025	1/16/2026	We recommend that the CAO, in coordination with the Director of IT and the Director of Procurement Services, evaluate and, if feasible, implement a centralized inventory management system aligned with the citywide assessment. The evaluation and solution should: • Assess options for standardized data entry, real-time visibility across locations, and integration with procurement and financial systems; • Ensure role-based access and approvals, data validation, and audit trails for receipts, issues, and adjustments; • Provide reporting and dashboards to support management oversight, variance monitoring, and spend analysis; and • If a single citywide system is not immediately feasible, establish minimum data standards, a common item master, and interfaces to enable consolidated reporting across existing systems.

Appendix D - High Priority Open Recommendation				
Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
Chief Administrative Office	OCA 2026-06 Rec #2	11/25/2025	11/30/2025	We recommend that the CAO work with the Office of the City Attorney to determine if any additional actions are necessary due to potential payments and credits exceeding $16,000,000.
Chief Administrative Office	OCA 2026-06 Rec #3	11/25/2025	6/30/2026	We recommend the CAO develop a process to ensure proper implementation plans for any new programs launched through a City Council ordinance. The process should provide for coordination before ordinance approval to obtain stakeholder input and shared understanding on process, timing, definitions, and data sources, and coordination after approval to finalize the plan, launch the program, and monitor results.
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.
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	7/1/2023	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	6/30/2024	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.

Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
	Appendix D - High Priority Open Recommendation			
Finance	OCA 2023-12 Rec #7	4/25/2023	6/30/2023	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	OCA 2024-06 Rec #2	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	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.
Finance	OCA 2026-06 Rec #1	11/25/2025	5/31/2026	We recommend that the Director of Finance develop an action plan to address the issues identified throughout this report. In formulating this plan, consideration should be given to both the cost-effectiveness of proposed measures and their overall benefit to individual taxpayers as well as the City's taxpayer base as a whole. Any action plan should first consider the ownership change issues identified throughout this report.
Fire and Emergency Services	OCA 2026-05 Rec #4	11/21/2025	1/16/2026	We recommend that the Fire Chief implement a formal process to reconcile and validate critical equipment data to ensure all items are accurately assigned, tracked, and tested. This process should include standardized procedures for maintaining and reviewing asset records, regular reconciliations to identify and resolve discrepancies, and staff training to support data accuracy and accountability.

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.

Appendix D - High Priority Open Recommendation				
Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
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.
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.

Appendix D - High Priority Open Recommendation				
Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation

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.

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.

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.

Appendix D - High Priority Open Recommendation				
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.
Police Department	OCA 2026-05 Rec #5	11/21/2025	1/16/2025	We recommend that the Police Chief implement a formal process to reconcile and validate critical equipment data to ensure all items are accurately tracked, properly assigned, maintained within manufacturer-recommended service life, and replaced when due. This process should include standardized procedures for updating and reviewing equipment records, regular reconciliations to identify discrepancies, and staff training to support data accuracy and accountability.

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.

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.

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.
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.

Appendix D - High Priority Open Recommendation				
Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
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.
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.

Appendix D - High Priority Open Recommendation				
Department	Audit & Recommendation Number	Date Issued	Original Due Date	Recommendation
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.

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.