CITY OF RICHMOND

Office of the City Auditor (OCA)

An Independent Office of the Richmond City Council

AUDIT RECOMMENDATION UPDATE

FOLLOW–UP REPORT

FY 2027 · Period 1 | May 9, 2026 – October 2, 2026

"Promoting open and accountable City government through independent audit services."

REPORT NO. OCA 2027-03 | NOVEMBER 16, 2026



Audit Recommendations

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 the results. This report presents the results of the FY 2027 Period 1 follow-up review.

As part of our review, we interviewed management and personnel and reviewed documentation provided to support actions taken to implement the recommendations. When the OCA closes a recommendation, it means we have verified that management took action in response to the audit and implemented a corrective measure intended to address the identified issue. This often includes establishing or revising a policy, process, or control. It does not mean that the control will always operate effectively. Rather, it means the corrective action has been implemented as designed. Continued effectiveness is expected to be demonstrated through routine operations, management oversight, and future audit work. This review was not conducted as an audit under Generally Accepted Government Auditing Standards.

Results of follow-up

The OCA met with or received updates from all 16 departments. Based on documentation reviewed, we closed 23 recommendations (nine high, ten medium, and four low priority) and removed one recommendation that was no longer feasible.

Despite 11 new recommendations being issued, the number of open recommendations decreased by 13 (approximately 12%). **Table 1** details the recommendations closed during the period by department and priority level.

RECOMMENDATION ACTIVITY
May 9, 2026 – October 2, 2026

109	+11	−23	−1	96
Open at Start of Period	Newly Issued	Implemented	Removed	Remaining Open at Period End

Of the 96 remaining: 86 are past original target dates | 10 are not yet due

ADDITIONAL RECOVERY REPORTED
Five City departments reported recovering approximately **$24,751** in duplicate payments.

Table 1 – Recommendations closed during the period

Department	High	Medium	Low	Total
Department of Public Utilities	4	2	3	9
Human Services	1	4	0	5
Fire and Emergency Services	0	3	1	4
Department of General Services	2	0	0	2
Chief Administrative Office	1	0	0	1
Emergency Communications	1	0	0	1
Department of Procurement Services	0	1	0	1
Total	**9**	**10**	**4**	**23**

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 recommendation priorities.

APPENDIX A

Appendix A identifies the 23 recommendations closed during the period, including their original wording, department, and priority level.

APPENDIX A — CLOSED RECOMMENDATION DETAIL

Date Issued	Audit/Rec. No.	Priority Level	Department	Recommendation
9/1/2019	2020-04 Rec #3	Medium	Fire and Emergency Services	We recommend the Fire Chief assign a designated Administrative position that is not eligible to work any off-duty events, to oversee the special events staffing process using a scheduling software.
9/1/2019	2020-04 Rec #4	Medium	Fire and Emergency Services	We recommend the Fire Chief implement the staffing solution software purchased to schedule Special Events, train personnel and designate a position to administer the software.
9/1/2019	2020-04 Rec #5	Medium	Fire and Emergency Services	We recommend the Fire Chief update the Special Events Policy to reflect current practices.
7/1/2020	2021-03 Rec #6	Low	Fire and Emergency Services	We recommend the Fire Chief establish and implement Operating Procedures for assigning and operating unmarked vehicles.
5/24/2022	2022-11 Rec #10	High	Emergency Communications	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.
12/2/2022	2023-07 Rec #17	Medium	Procurement Services	We recommend that the DPS Director develop and implement a monitoring tool to ensure the Contract Administrators complete the required annual training.
10/8/2024	2025-03 Rec #6	Low	Public Utilities	We recommend the DPU Senior Director develop performance measures for the inventory count process and ensure the performance goals are met. Examples of performance goals include dollar value of adjustments, quantity of adjustments, number of accurate accounts, and percent of accurate inventory records.

APPENDIX A — CLOSED RECOMMENDATION DETAIL				
Date Issued	**Audit/Rec. No.**	**Priority Level**	**Department**	**Recommendation**
10/8/2024	2025-03 Rec #8	Medium	Public Utilities	We recommend that the DPU Main Warehouse Program and Operations Supervisor develop and implement criteria identifying which count variances need to be researched to identify root causes and ensure the cause is documented to support the inventory adjustments.
11/13/2024	2025-05 Rec #2	High	Public Utilities	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.
11/13/2024	2025-05 Rec #7	High	Public Utilities	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.
11/13/2024	2025-05 Rec #9	High	Public Utilities	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.

APPENDIX A — CLOSED RECOMMENDATION DETAIL				
Date Issued	**Audit/Rec. No.**	**Priority Level**	**Department**	**Recommendation**
11/13/2024	2025-05 Rec #11	Low	Public Utilities	We recommend that the DPU Senior Director develop performance measures for the inventory count process and ensure the performance goals are met. Examples of performance goals include dollar value of adjustments, quantity of adjustments, number of accurate accounts, and percent of accurate inventory records.
11/13/2024	2025-05 Rec #14	High	Public Utilities	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.
11/13/2024	2025-05 Rec #15	Medium	Public Utilities	We recommend the WWTP Warehouse and Materials Supervisor develop and implement a process to identify idle inventory and follow up with the trades supervisors to determine if the items are obsolete or need to be deactivated in the inventory system.
11/13/2024	2025-05 Rec #18	Low	Public Utilities	We recommend that the WWTP Warehouse and Materials Supervisor develop and implement written policies and procedures to govern and guide warehouse operations and inventory management functions. At a minimum, the policies and procedures should address all recommendations in this report, including the process for ordering, receiving, storing, distributing, disposing, tracking, counting, and reconciling inventory. Policies and procedures should also include employees' roles and responsibilities and establish accountability.

APPENDIX A — CLOSED RECOMMENDATION DETAIL				
Date Issued	**Audit/Rec. No.**	**Priority Level**	**Department**	**Recommendation**
2/18/2025	2025-08 Rec #2	High	Human Services	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.
2/18/2025	2025-08 Rec #6	Medium	Human Services	We recommend that the CAO develop and implement a process to ensure all grant contracts include specific, measurable, and objective performance measures aligned with program goals. Additionally, City staff should review and approve grantee-developed performance measures to ensure they are clear, actionable, and aligned with the City's objectives.
2/18/2025	2025-08 Rec #7	Medium	Human Services	We recommend that the CAO develop and implement comprehensive grant monitoring policies and procedures. These policies and procedures should establish a risk-based approach to grant management and address the following: • Criteria for determining when site visits, desk reviews, or other forms of verification are required. • Specific information to review during monitoring procedures, including performance and financial data. • Proper documentation practices for recording the results of monitoring activities. • Guidelines for determining when and how funds should be recovered if performance measures are not met or if funds are used inappropriately.

APPENDIX A — CLOSED RECOMMENDATION DETAIL				
Date Issued	**Audit/Rec. No.**	**Priority Level**	**Department**	**Recommendation**
2/18/2025	2025-08 Rec #8	Medium	Human Services	We recommend that the CAO develop and implement a process to enforce reporting and documentation requirements in grant contracts. At a minimum, this process should: • Require grantees to submit interim and final performance and financial reports as stipulated in their contracts. • Include a checklist for grant managers to review and verify submitted reports for completeness and accuracy. • Establish a formal follow-up process to address missing or incomplete reports and ensure compliance. • Track organizations that consistently fail to submit required reports or refuse to comply and make available to all reviewers for consideration in future grant evaluations. For such organizations, additional oversight measures, such as site visits or a full audit, should be conducted to ensure accountability and compliance with grant agreements.
2/18/2025	2025-08 Rec #9	Medium	Human Services	We recommend that the CAO assess staffing needs for proper grant monitoring and then develop and deliver training programs for grant managers on oversight best practices, including monitoring techniques, performance evaluation, and financial accountability. Training should also include specific guidance on identifying and addressing potential fraud, waste, and abuse.

APPENDIX A — CLOSED RECOMMENDATION DETAIL				
Date Issued	**Audit/Rec. No.**	**Priority Level**	**Department**	**Recommendation**
7/1/2025	2026-01 Rec #3	High	General Services	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.
7/1/2025	2026-01 Rec #4	High	General Services	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.

APPENDIX A — CLOSED RECOMMENDATION DETAIL				
Date Issued	**Audit/Rec. No.**	**Priority Level**	**Department**	**Recommendation**
7/2/2026	2027-01 Rec #3	High	Chief Administrative Office	We recommend that the Director of Public Works develop and implement a project planning and monitoring process for significant City projects, especially those involving contractor deliverables, system data, or asset information. At a minimum, the process should require management to: • Define project objectives, deliverables, data standards, roles, and acceptance criteria before work begins; • Identify the tools, access, staffing, and training needed to review and validate deliverables; • Establish milestone reviews to assess progress, data quality, and unresolved issues before the project advances; • Document management's review and acceptance of key deliverables; and • Ensure issues are corrected while the contract, project, or vendor engagement is still active.

APPENDIX B

Appendix B summarizes the 96 open recommendations by department and priority level and identifies recommendations that have passed their original target dates. The status reflects the review cutoff date as of October 2, 2026; additional documentation may have been submitted before report issuance.

APPENDIX B — OPEN RECOMMENDATIONS BY DEPARTMENT					
Department	**High**	**Medium**	**Low**	**Total**	**Past Original Target Date****
Finance***	9	20	3	**32**	**32**
Chief Administrative Office*/***	14	4	1	**19**	**17**
Public Works***	6	2	2	**10**	**3**
Economic Development	0	4	1	**5**	**5**
General Services	2	2	1	**5**	**5**
Human Services	2	2	1	**5**	**5**
Human Resources	0	3	1	**4**	**4**
Fire and Emergency Services	1	2	0	**3**	**3**
Planning & Development Review	0	3	0	**3**	**3**
Procurement Services	2	1	0	**3**	**3**
Emergency Communications	1	1	0	**2**	**2**
Social Services	0	2	0	**2**	**2**
Budget & Strategic Planning	1	0	0	**1**	**1**
Police Department	1	0	0	**1**	**0**
Strategic Communications	0	1	0	**1**	**1**
Grand Total	39	47	10	**96**	**86**

*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 as of the period cutoff date. Ten recommendations have not yet reached their original target date and were therefore not considered past due.

***The OCA issued 11 new recommendations in the 1st period of FY 2027. Ten of the newly issued recommendations are open. These recommendations are reflected in the counts above. A breakdown of these 11 recommendations is noted in Appendix C.

APPENDIX C

Appendix C summarizes the 11 recommendations issued during the first period of FY 2027 by department and priority level.

APPENDIX C — NEWLY ISSUED RECOMMENDATIONS				
Department	**High**	**Medium**	**Low**	**Total**
Chief Administrative Office	2	1	0	**3**
Finance	0	1	0	**1**
Public Works	5	1	1	**7**
Total	**7**	**3**	**1**	**11**

APPENDIX D

Appendix D presents the high-priority recommendations that remained open at the review cutoff.

APPENDIX D — HIGH-PRIORITY OPEN RECOMMENDATIONS				
Department	**Audit/Rec. No.**	**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 2025-06 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 RECOMMENDATIONS				
Department	**Audit/Rec. No.**	**Date Issued**	**Original Due Date**	**Recommendation**
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 RECOMMENDATIONS				
Department	**Audit/Rec. No.**	**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 RECOMMENDATIONS

Department	Audit/Rec. No.	Date Issued	Original Due Date	Recommendation
Chief Administrative Office	OCA 2026-05 Rec #1	11/21/2025	5/4/2026	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: ◦ Conduct a citywide inventory assessment of existing inventory and storage infrastructure by department and warehouse; ◦ Identify gaps, redundancies, staffing requirements, and department-specific needs; and ◦ 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 RECOMMENDATIONS				
Department	**Audit/Rec. No.**	**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	8/3/2026	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 RECOMMENDATIONS				
Department	**Audit/Rec. No.**	**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.
Chief Administrative Office	OCA 2026-07 Rec #1	2/6/2026	3/31/2026	We recommend that the Chief Administrative Officer (CAO) collaborate with City Council to take formal action to resolve the identified issues in City Code Sections 12-46. As appropriate, this may include clarifying legislation or other actions adopted by City Council and developing an implementation plan. Following any legislative action, the CAO should: • Develop formal policies and procedures that define roles and responsibilities, process steps, timing, definitions, data sources, and monitoring. • Ensure required data elements are clearly defined, accurate, and readily available for calculation and reporting. • Establish a reporting process to City Council on the results for timely appropriations and oversight.
Chief Administrative Office	OCA 2026-07 Rec #2	2/6/2026	6/30/2026	We recommend that the CAO coordinate with City Council to determine the appropriate disposition of the $2,472,307 credited to the special reserve in FY 2022, including consideration of appropriation to the AHTF.

APPENDIX D — HIGH-PRIORITY OPEN RECOMMENDATIONS				
Department	**Audit/Rec. No.**	**Date Issued**	**Original Due Date**	**Recommendation**
Chief Administrative Office	OCA 2026-07 Rec #3	2/6/2026	6/30/2026	We recommend that the CAO collaborate with the Council Chief of Staff to establish a formal quality review process for proposed ordinances and implementation plans. This review should confirm feasibility and alignment of the ordinance and the implementation plan, including clarity of definitions, timing requirements, data availability, fiscal impacts, and alignment with the associated O&R request.
Chief Administrative Office	OCA 2026-07 Rec #4	2/6/2026	9/30/2026	We recommend that the CAO work with the Chief of Staff to develop a process that enhances oversight, accountability, and transparency in the implementation of approved City ordinances. At a minimum, this process should: • Establish a process to identify and track high-priority ordinances (e.g., based on fiscal impact, deadlines, public safety, or operational complexity). • Provide regular status updates to City Council and the Mayor on implementation progress, key milestones, and risks. • Ensure timely reporting of implementation delays and issues. • Ensure necessary City Code amendments are submitted to City Council in a timely manner when ordinance implementation requires legislative clarification or modification.

APPENDIX D — HIGH-PRIORITY OPEN RECOMMENDATIONS

Department	Audit/Rec. No.	Date Issued	Original Due Date	Recommendation
Chief Administrative Office	OCA 2026-09 Rec #1	5/11/2026	6/30/2026	We recommend that the Chief Administrative Officer ensure the following departments take appropriate and timely action to recover the identified duplicate payments from vendors, including through refunds or credits on future invoices: • Human Resources • Public Utilities • General Services • Planning and Development Review • Human Services • Parking Administration • Public Works • Social Services • Parks and Recreation • Fire Human Services and Public Works should further research the payments for which the OCA could not determine if duplicates or not and pursue recoupment where applicable.
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.

APPENDIX D — HIGH-PRIORITY OPEN RECOMMENDATIONS

Department	Audit/Rec. No.	Date Issued	Original Due Date	Recommendation
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.
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.

APPENDIX D — HIGH-PRIORITY OPEN RECOMMENDATIONS				
Department	**Audit/Rec. No.**	**Date Issued**	**Original Due Date**	**Recommendation**
Finance	OCA 2026-07 Rec #6	2/6/2026	8/1/2026	We recommend that the Director of Finance establish a documented process to track City Council approved ordinances that authorize financial transfers and to monitor each transfer through completion, including reconciliation of ordinance requirements to the City's financial system and escalation to the CAO (or designee) when transfers are not executed timely.
Fire and Emergency Services	OCA 2026-05 Rec #4	11/21/2025	6/30/2026	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 RECOMMENDATIONS				
Department	**Audit/Rec. No.**	**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 RECOMMENDATIONS				
Department	**Audit/Rec. No.**	**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.

APPENDIX D — HIGH-PRIORITY OPEN RECOMMENDATIONS				
Department	**Audit/Rec. No.**	**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.

APPENDIX D — HIGH-PRIORITY OPEN RECOMMENDATIONS				
Department	**Audit/Rec. No.**	**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	12/14/2026	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 RECOMMENDATIONS				
Department	**Audit/Rec. No.**	**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 #7	6/24/2025	1/1/2026	We recommend that the Director of Procurement Services 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.

APPENDIX D — HIGH-PRIORITY OPEN RECOMMENDATIONS				
Department	**Audit/Rec. No.**	**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.
Public Works	OCA 2027-01 Rec #1	7/2/2026	11/1/2026	We recommend that the Director of Public Works identify and resolve the data quality issues and gaps within the streetlight inventory, finalize the asset information, and upload the completed inventory into the system of record.
Public Works	OCA 2027-01 Rec #2	7/2/2026	2/1/2027	We recommend that the Director of Public Works develop and implement ongoing monitoring, data governance, and quality-control processes to maintain the accuracy and reliability of the streetlight inventory after it is integrated into GIS. These processes should: • Define staff roles, responsibilities, and training requirements for maintaining data accuracy; • Include periodic reconciliations between GIS, field activities, contractor work, and maintenance records, and billing data; • Require timely updates to the inventory whenever streetlights are installed, removed, converted to LED, or modified; • Incorporate automated and manual data-validation checks to identify missing, outdated, or inconsistent information; and • Include routine management review to ensure the inventory remains complete, current, and suitable for operational, financial, and planning purposes.

APPENDIX D — HIGH-PRIORITY OPEN RECOMMENDATIONS				
Department	**Audit/Rec. No.**	**Date Issued**	**Original Due Date**	**Recommendation**
Public Works	OCA 2027-01 Rec #4	7/2/2026	11/1/2026	We recommend that the Director of Public Works develop and implement a structured plan to reconcile and consolidate all streetlight related Dominion Energy billing accounts. The plan should include: • Identifying all existing accounts and standardizing account naming conventions; • Linking each account to a verified and finalized streetlight inventory; • Confirming ownership, billing type, and applicable rate schedules for each account; • Merging, eliminating, or correcting accounts as necessary to ensure accuracy and reduce complexity; and • Evaluating the feasibility of transitioning to Dominion Energy's GIS based billing system once the inventory and accounts are accurate and aligned.
Public Works	OCA 2027-01 Rec #5	7/2/2026	11/1/2026	We recommend that the Director of Public Works develop and implement a documented, risk-based reconciliation process to ensure the accuracy of Dominion Energy streetlight billing. This process should: • Identify, research, and resolve known billing exceptions identified during the audit, including unreported LED conversions, incorrect rate categories, and accounts requiring rate schedule updates. • Prioritize higher-risk billing types, including flat-rate circuits, LED conversions, and accounts with historical errors; • Include procedures for verifying rate categories, confirming LED upgrades have been reported, and validating meter associations; • Define roles, responsibilities, and review frequencies; and • Incorporate routine trend analysis to identify unusual charges or consumption patterns.

APPENDIX D — HIGH-PRIORITY OPEN RECOMMENDATIONS				
Department	**Audit/Rec. No.**	**Date Issued**	**Original Due Date**	**Recommendation**
Public Works	OCA 2027-01 Rec #6	7/2/2026	11/1/2026	We recommend that the Director of Public Works, in coordination with the Director of Sustainability, reconcile and correct all streetlight-related accounts within EnergyCAP and establish controls to maintain data accuracy. Efforts should include: • Aligning EnergyCAP account records with the finalized inventory and consolidated Dominion Energy accounts; • Establishing internal validation controls to ensure data remains accurate; and • Incorporating EnergyCAP into the City's routine reconciliation process to monitor energy use, identify billing anomalies, and support oversight of utility expenditures.

APPENDIX E

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 below. The OCA is responsible for assigning priority ratings for recommendations, and the City Administration is responsible for establishing target dates for implementing the recommendations.

APPENDIX E — PRIORITY LEVEL DEFINITIONS	
Priority Level	**Definition**
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.