

**FAYETTEVILLE AUDIT COMMITTEE MEETING MINUTES  
LAFAYETTE CONFERENCE ROOM  
CITY HALL, 433 HAY STREET  
AUGUST 28, 2025  
3:00 P.M.**

**Committee Members Present:** D.J. Haire, Council Member, Chair  
Derrick Thompson, Council Member  
Deno Hondros, Council Member (Arrived at 3:18 P.M.)  
Michelle Sykes (Departed at 3:59 P.M.)

**Staff Present:** Doug Hewett, City Manager  
Adam Lindsay, Assistant City Manager  
Jeffery Yates, Assistant City Manager  
Sonye' Randolph, Assistant City Attorney  
Rose Rasmussen, Internal Audit Director  
Christina Zimmerman, Senior Internal Auditor  
Eleanor Myers, Internal Auditor  
Tiffany Murray, Chief Financial Officer  
Albert Baker, Economic and Community Development Asst. Director  
Jennifer Eaton, Management Analyst, Economic and Community  
Development  
Sheila Thomas-Ambat, Public Services Director  
Brian McGill, Assistant Public Services Director  
Roberto Bryan, Jr., Chief of Police  
Todd Joyce, Assistant Police Chief  
Paula Handberry, Executive Assistant to the City Council

**1. CALL TO ORDER**

Council Member Haire called the meeting to order at 3:00 p.m.

**2. APPROVAL OF THE AGENDA**

**MOTION:** Council Member Haire moved to approve the agenda.

**SECOND:** Council Member Thompson

**VOTE:** UNANIMOUS (3-0)

**3. APPROVAL OF MEETING MINUTES**

**MOTION:** Council Member Haire moved to approve the April 24, 2025 meeting minutes.

**SECOND:** Council Member Thompson

**VOTE:** UNANIMOUS (3-0)

**4. ELECTION OF OFFICERS**

The Audit Committee Bylaws require that the officers be elected and serve a two-year term. The Committee will need to elect a new Chair and Vice Chair.

## **Officer Appointments**

### **Article III**

#### **OFFICERS**

**Section 1. Enumeration of Offices.** The Officers of the Committee shall be a Chairperson and Vice-Chairperson.

**Section 2. Election of Officers and Term of Office.** The officers shall each be elected at the regularly scheduled meeting held in August, take office immediately upon election, and serve a one-year term on or until a successor is elected at the subsequent years quarterly meeting held in August.

**MOTION: Council Member Thompson moved to appoint Council Member Haire as Chair of the Audit Committee and himself as the Vice Chair**

**SECOND: Council member Haire**

**VOTE: UNANIMOUS (3-0)**

#### **5. MANAGEMENT REPORTS**

##### **A. Quarterly Management Implementation Status Report**

Ms. Rose Rasmussen, Internal Audit Director, stated there were two audits with recommendations where action is still needed. The Economic and Community Development Loans Neighborly Audit had recommendations for the Economic and Community Development (ECD) and Finance Department.

The Citywide Grants Audit had recommendations for both the City Manager's Office and Finance Departments.

The Economic and Community Development Department had a total of eight recommendations. Management reported all recommendations have been implemented. The recommendations were implemented by creating written guidelines for inspections, monitoring, and a lien release process. They developed inspection monitoring tasks and implemented notification features in Neighborly to ensure required documentation is submitted, demonstrating compliance with property standards and HUD requirements. They created and implemented a systematic process for posting payments in Neighborly. Additionally, they are working with the Finance Department to establish each department's loan collection responsibilities.

The Finance Department had recommendations for both the ECD Loan and Citywide Grants audits. For the ECD Loans Audit, management has reported both recommendation have been implemented. The first involved the creation of unique customer records for each loan within the City's financial system, while the second established an automated process to promptly notify the ECD Department of payments posted in Oracle.

For the Citywide Grants Audit, there were nine recommendations directed to the Finance department. One recommendation has been fully implemented by creating a generic email address used for grantor systems, which helps prevent communication gaps during staff turnover. The remaining eight recommendations are currently in progress and include: establishing a centralized repository for grant documents; creating procedures for storing and accessing grant information; requiring the repository owner to develop and provide training for staff involved in grant management; updating the City's grant policy; implementing and administering a unified tracking system to monitor grants throughout their lifecycle;

developing standard operating procedures for setting up awards in Oracle; training staff on the new procedures; and reconciling award information in Oracle with the grantor's systems.

The City Manager's Office had three recommendations. Management reported that they are in the final stages of in-person interviews and expect to fill a new position in September to establish a central grants management function. Additionally, they plan to develop comprehensive written grant policies and procedures, and have initiated the formation of a working group to support the development of these policies and procedures. Discussion ensued.

This report is for informational purposes and no action needed.

## **6. INTERNAL AUDIT ACTIVITIES**

### **A. Police Department Confidential Funds Audit**

Ms. Rasmussen stated the Police Department Confidential Funds Audit is required every year for the Police Department accreditation.

The Police Department's Vice Investigations Division administered and controlled an informant and expenditure cash fund used for covert operations, with a budget of \$100,000.00 per fiscal year. The audit covered the period from June 1, 2024, to May 31, 2025, and included a sample review of transactions involving five personnel, representing 36% of those who used and maintained confidential funds during the audit period. A total of 58 operational transactions were reviewed, amounting to just over \$64,000.00. Discussion ensued.

A significant improvement in the Department's process has taken place since the last audit. Previously, the Department relied on physically passing a packet of papers from office to office for review and approval, which often led to misplaced documents and made it difficult to track the packet's location without manually checking each office. Version tracking was also a challenge. However, beginning in September 2024, the Department transitioned to routing documents through a cloud-based platform already used by the City for other purposes. This change allows documents to be reviewed and approved from anywhere at any time, significantly improving efficiency and making it easier to access and verify required documentation. Discussion ensued.

**MOTION: Council Member Thompson moved to accept the Police Department Confidential Funds Audit.**

**SECOND: Council Member Hondros**

**VOTE: UNANIMOUS (4-0)**

### **B. Downtown Republic Parking Contract**

The City entered into a contract with Republic Parking System in December 2019 to manage downtown parking operations. This agreement covered more than 2,100 parking spaces, including metered street parking, public decks, and surface lots. The audit focused on the City's downtown parking operations contract with Republic Parking System, LLC for calendar years 2023 and 2024. The purpose of the audit was to determine whether parking operations and activities were conducted in accordance with the contract's terms and conditions, and to assess whether City management effectively monitored the contracted parking operations.

Republic Parking staff were responsible for the day-to-day management of downtown parking operations, which, according to the contract, included issuing parking violations, collecting parking revenues, facilitating leased parking spaces, and maintaining the cleanliness and condition of parking lots and decks. The City, in turn, was responsible for ensuring that the contractor performed these duties in accordance with the terms of the contract.

#### Finding 1

The contract with Republic Parking System lacked clarity in several key areas, making it difficult to enforce or interpret consistently. These areas included enforcement roles and responsibilities, collection of past-due accounts, cleaning and maintenance of parking decks, citation voids and waivers, billing for special events and management fees, the City's ability to conduct contract monitoring activities, and maintenance of the Parkfayetteville.com website. Discussion ensued.

To address this finding, it is recommended that City management update the contract terms in the areas identified, and management concurs with this recommendation.

#### Finding 2

The second area of concern was that the City did not consistently monitor or enforce the terms of the parking contract. Several specific gaps were identified. First, there was no verification process to ensure that all parking revenue collected by Republic was actually received by the City. Additionally, there was no documentation showing that unpaid citations were referred to the State's debt setoff program for collection. Citation voids, waivers, and appeals were not reviewed by City staff, and there were no written guidelines to determine whether such actions were appropriate. Although the contract required monthly stakeholder meetings, only seven meetings were documented during the 24-month audit period. Charges for special events were not always verified, raising the possibility that the City may have been billed for events that were canceled or postponed. The contract also stated that Republic should not make any expenditures for system repairs or equipment breakdowns without prior approval, yet there was no evidence that such approvals were obtained. Furthermore, several contractually required reports were either submitted late or not submitted at all, with no follow-up from City staff to ensure compliance. Overall, these issues point to a lack of structured contract management processes, which increases the risk of revenue loss, non-compliance, and inconsistent service delivery. Council Members Haire and Hondros thanked the Audit Staff for their hard work on this audit.

Council Member Hondros asked whether Finding 2 was a deficiency in the contract or monitoring of the contract. Ms. Rasmussen responded the deficiency was in monitoring of the contract.

It is recommended that the department establish written policies and procedures for contract management and administration, and management concurs. City management should formalize these practices to ensure consistent oversight and accountability. At a minimum, the policies and procedures should include designated responsibility for completing monitoring activities, periodic performance reviews, documentation of work completed by the contractor, maintenance of reports and communications, invoice review and monitoring, and a schedule of receivables. These measures will help strengthen contract oversight and reduce the risk of non-compliance or financial discrepancies.

**MOTION:** Council Member Thompson moved to accept the Downtown Republic Parking Contract Audit.

**SECOND:** Council Member Hondros

**VOTE:** UNANIMOUS (3-0)

### **C. Fiscal Year 2026 Audit Plan**

Ms. Rasmussen presented the proposed audit plan for the fiscal year ending June 30, 2026. The plan includes hours allocated not only for scheduled audits but also for continued support to peer departments, particularly in assisting with the implementation of the City's Oracle HUB project and the new Point of Sale system. These support hours are subject to change based on project needs and may impact the number of audits that can be completed during the year.

The FY26 Audit Plan consists of six new audits, one follow-up audit, two required annual reviews, and two consulting services. These audits were selected based on the annual city-wide risk assessment, which evaluates departments and programs using multiple criteria. Programs identified as having the highest levels of risk are prioritized, and audit focus areas are determined accordingly.

This risk-based approach ensures that audit resources are directed toward areas with the greatest potential impact on City operations and service delivery.

The new audits planned for FY26 include Solid Waste Management, Fire Emergency Response, Transit Fixed Route Operations, Police Department Traffic Unit, Information Technology Asset Management, and Police Department Confidential Funds. These areas were selected based on the City's annual risk assessment and reflect a focus on operational efficiency, public safety, and effective resource management.

Council Member Thompson asked how are the audits scheduled. Ms. Rasmussen responded audits are done on a scoring matrix. A survey was sent out to Mayor and City Council and staff to gather their perspectives on the highest risk categories facing the City or their department.

This year's risk category includes:

- **Operational Risk** – arising from failures in day-to-day operations, such as service delivery issues, internal process breakdowns, staff errors, or system malfunctions.
- **Governance Risk** – stemming from ineffective leadership, lack of oversight, poor accountability, or weak internal controls.
- **Human Resource Risk** – related to staffing challenges, including talent shortages, inadequate training, labor disputes, or difficulties in attracting skilled personnel.

The one follow-up audit planned for FY26 is the Residential Solid Waste Fees Audit. The original report was issued in October 2019, and the department reported that all recommendations had been implemented during the February 6, 2025, Audit Committee meeting. Two required annual reviews will be conducted: one on Proximity Cards to ensure that only individuals with a legitimate need have access to City buildings and resources, and another on Conflict of Interest, as mandated by the City's Code of Ethics.

The consulting services include the implementation of Oracle Human Capital Management and Payroll and the implementation of iNovah which will replace the City's current cashiering system.

Ms. Rasmussen stated in recent years, completing audits outlined in the audit plan has become increasingly challenging due to operational changes within auditee departments, much of which has resulted from staffing turnover. To minimize downtime for the audit department and avoid delays in seeking Audit Committee approval for adjustments, contingency projects are now included in the audit plan. These preapproved projects provide flexibility, allowing the audit team to pivot and proceed with alternative audits if obstacles arise that prevent completion of the originally scheduled audits.

**MOTION:** Council Member Thompson moved to accept the FY 2026 Audit Plan.

**SECOND:** Council Member Hondros

**VOTE:** UNANIMOUS (3-0)

## **7. ADJOURNMENT**

There being no further business the meeting adjourned at 4:20 p.m.

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D.J. Haire, Committee Chair

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Paula Handberry, Executive Assistant to the City Council