



ANNUAL REPORT FY 2024

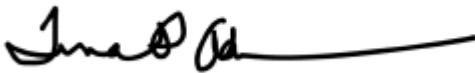


Message from the City Auditor

I am delighted to present the FY2024 Annual Report for the Internal Audit Department. This report highlights the audit reports issued in FY24 as well as other initiatives and key information. Over the past year, we have issued audit reports on mission-critical topics, stayed alert for other issues impacting local governments, and supported departments by responding to their requests for assistance.

An important part of the auditing process is to define the audit purpose. Purpose establishes the foundation upon which audit testing is built. A purpose-driven internal audit department aligns its activities and ways of working with its organization's purpose, values, and strategic objectives to support its success. Dr. Martin Luther King Jr. once said, "Life's most persistent and urgent question is, 'What are you doing for others?'" City of Charlotte employees are committed to Charlotte's continued growth and providing exceptional service to our residents. Internal Audit is intentional about promoting our organization's success, driven by that shared purpose. In the coming year, Internal Audit will continue to strive to conduct audits that align with the City of Charlotte's strategic and operational priorities.

I continue to be thankful for the efforts of the Internal Audit team and all City employees. Together, we fulfil our commitment to integrity, transparency, and accountability, and to make the City of Charlotte one of the best cities in the nation. Team Charlotte is amazing!



Tina Adams, CPA, CIA
City Auditor

Audit Reports Issued in FY2024



24-01: Convention Center Reno Follow-Up

A follow-up to a [report](#) issued in April 2021.



24.02: Cemetery Fees

Cemetery fees were charged and collected in accordance with City policy. Reconciliation of Cityworks and Munis data will strengthen internal controls.



24.03: Fixed Base Operations

The fixed base operator (FBO) has complied with the FBO agreement. Implementing additional contract administration procedures would strengthen internal controls.



24.04: User Fees

User fees were reported/calculated in accordance with the City's User Fee Ordinance and GFOA recommendations. Additional oversight of time-keeping data in projecting fees is needed.



24.05: Storm Water Design Build (RSM)

RSM has recommended controls and/or best practices to address risks associated with selected Storm Water design-build projects.



24.06: CMPD Vice Imprest CY 2023

CMPD's Vice Imprest Fund controls are well designed and working effectively.



24.07: Housing Rehabilitation Programs

Housing and Neighborhood Services (HNS) has administered the rehabilitation program in accordance with regulatory requirements. Consistent verification of key controls is needed.



24.08: Public Safety Technology

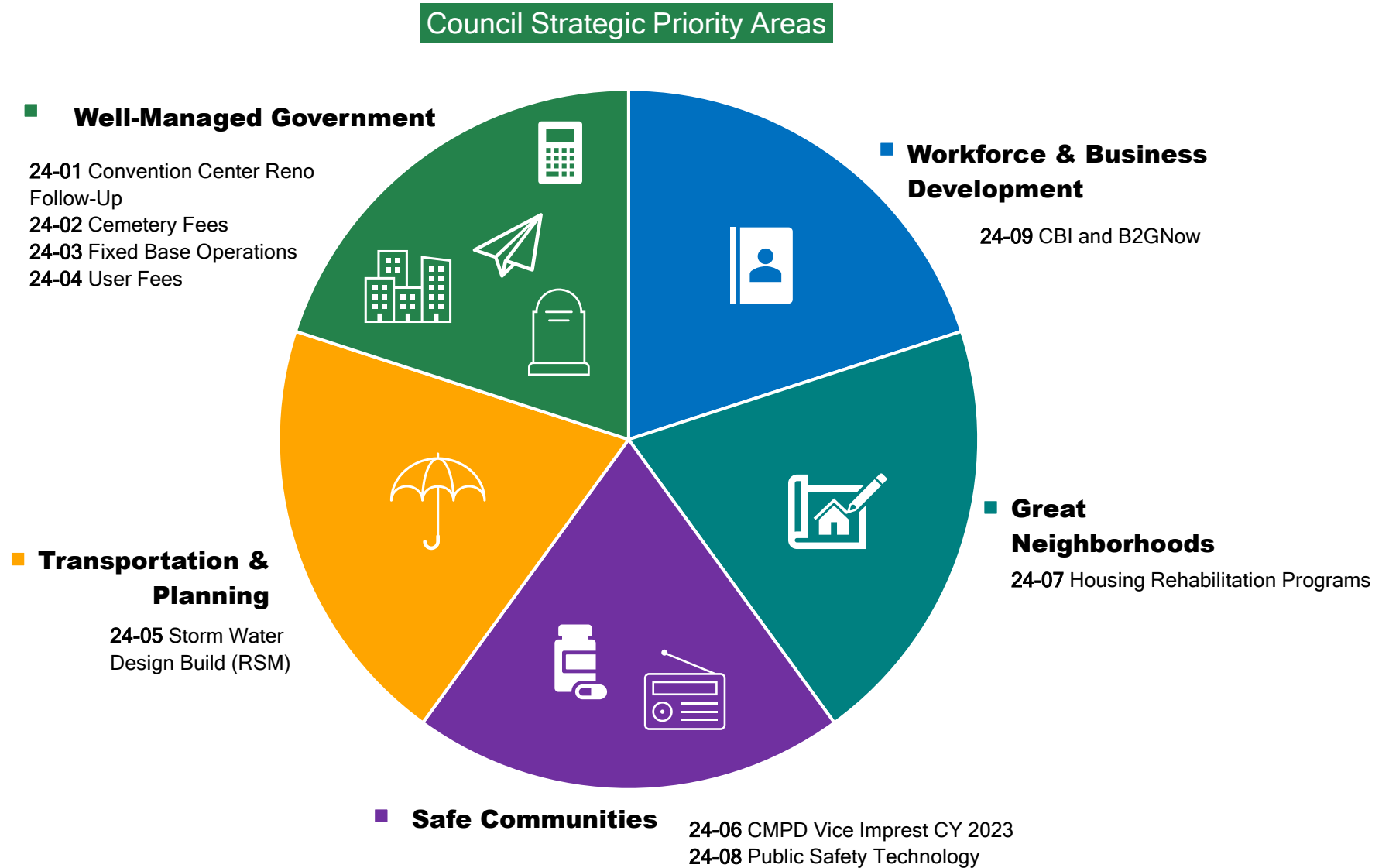
Determined whether internal controls were established to promote the reliability and integrity of public safety systems (including Radar and LiDAR) maintained by the Electronic Maintenance Support Team. (*confidential*)



24.09: CBI and B2GNow

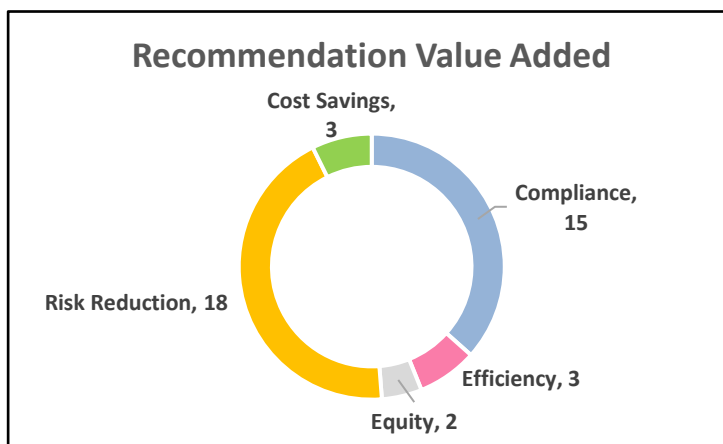
CBI has established adequate controls to ensure goals are achieved. Reconciliation and verification controls are missing that impact the reliability of B2Gnow data.

As defined on the [City's website](#), "The strategic priorities serve to set a focus on the higher-level policy framework to guide the city's steady progress." Our audits touch on various priorities as identified by Council.

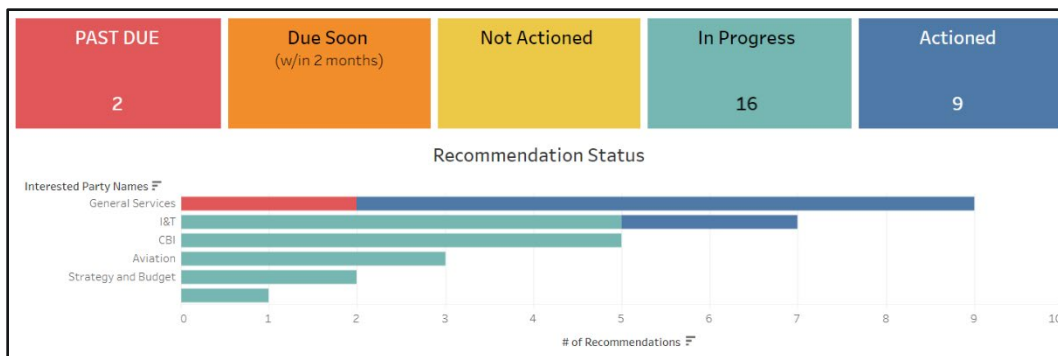


What's in it for the City?

We make recommendations to address findings noted during audits. In FY24, we made recommendations focused on improving controls, with the largest percentage related to risk reduction and compliance.



Internal Audit works with departments to establish agreed-upon due dates by which the department will implement recommendations. The current status of recommendation implementation is tracked via an interactive [dashboard](#). Below is a screenshot of the summary section of the dashboard. We follow up on open recommendations until they are resolved.



Audit Hotline

The [Charlotte Employee Hotline](#) supports honesty, integrity, and accountability in the workplace. A third-party service allows employees to report issues related to abuse, fraud, safety, and waste. Reports can be anonymous and confidential, or reporters can leave their name and contact information. The following details the types of hotline reports received and their resolution.

| FY2024 Hotline Reports | | | | | |
|------------------------------|----------------|-----------------------------|-------------------|-------------------|--------|
| Types of Calls | Referred to HR | IA Reviewed | | Caller Terminated | Totals |
| | | Allegations Unsubstantiated | Discussed w/ Dept | | |
| Employee Relations | 8 | 1 | | 5 | 14 |
| Discrimination | 3 | 1 | | | 4 |
| Safety & Sanitation | | 1 | 3 | | 4 |
| Policy Violation | 2 | | | | 2 |
| Retaliation of Whistleblower | 1 | | | 1 | 2 |
| Falsification of Records | 1 | | | | 1 |
| Workplace Violence | 1 | | | | 1 |
| Theft of Time | 1 | | | | 1 |
| | 16 | 4 | 3 | 6 | 29 |

Upon receipt of a report, Internal Audit determines next steps. As the table shows, 55% of reports were referred to the Human Resources department.

Accomplishments

CLOSED AUDIT RECOMMENDATIONS

We are happy to report that departments are implementing recommendations made. As part of the reporting process, departments set due dates for agreed-to recommendations. These are tracked by the FY each report was issued in, not when a recommendation was closed. Please note, the recommendations marked “Closed” in the chart below include those “Actioned” by departments but not yet verified by Internal Audit.

| Report Issuance FY | Recommendations Made | Recommendations Closed | % Closed |
|--------------------|----------------------|------------------------|----------|
| 2024 | 22 | 7 | 32% |
| 2023 | 29 | 26 | 90% |
| 2022 | 48 | 48 | 100% |
| 2021 | 44 | 43 | 98% |

An interactive [dashboard](#) is available to view closed recommendations.

Significant impacts from implemented recommendations include:



Enhanced documentation and approval requirements of contractor labor rates



Improved contract administration



Enhanced monitoring of reasonableness and adequacy of user fee calculations



Improved transparency around CBI subcontracting goals and progress

STAFF CONTRIBUTIONS TO THE AUDIT PROFESSION

Members of our staff contributed to the internal audit profession in numerous ways. These contributions provide staff exposure and growth, and ultimately help improve our auditing. We are actively involved with the Association of Local Government Auditors (ALGA) and the Institute of Internal Auditors (IIA). In FY 24, we served as members of various ALGA committees, presented on how we use Generative AI at both regional and national ALGA conferences as well as IIA webinars. Additionally, staff served as mentors both internally with the City and externally with ALGA.

OTHER STAFF HIGHLIGHTS

- ✓ Employee Relations Team (formerly known as the Queen’s Team) - Senior Auditor Lynette Stover has been a member since inception
- ✓ Staff participation in the Shared Leadership Learning program - as mentor and mentee

AUDIT TEAM MEMBERS

| | |
|--------------------------------|---------------------|
| Tina Adams, CPA, CIA | Director |
| Craig Terrell, CPA, CISA | Deputy Director |
| Marie Marsicano | Audit Supervisor |
| Will Pellisero, CPA, CIA, CISA | IT Audit Supervisor |
| Lynette Stover | Lead Senior Auditor |
| Danny Nuccio, CPA, CFE | Senior Auditor |
| Kalief Cole, CPA, CIA, CGFM | Senior Auditor |
| DeRhonda Perkins, CIA | Senior Auditor |
| Chris Douglas | Staff Auditor |