

AUDIT SERVICES OVERSIGHT COMMITTEE
Monday, April 24, 2023
Virtual Meeting via Zoom 3:30 P.M.

The Audit Services Oversight Committee met at the above date and time with the following members present: Chairman Nick Long, Vice-Chair Matthew Ruterbories, Mayor Elaine O’Neal, Resident Member Emily Yeatts, and Council Member Jillian Johnson.

Also present: Wanda S. Page, City Manager; Bertha T. Johnson, Deputy City Manager of Operations; Bo Ferguson, Deputy City Manager of Public Safety; Karmisha Wallace, Chief of Staff; Robin Wynn, Director, Human Resources; Felicia Nolan, Manager, Human Resources; Sharon Williams, Director, Equity and Inclusion; Sheila Faucette, Assistant Director, Finance Department; Dr. Germaine F. Brewington, Director, Audit Services Department; the Audit Services Department Staff; and other guests.

Chairman Nick Long called the meeting to order at 3:30 p.m.

Chairman Long welcomed everyone to the April 2023 meeting and extended gratitude toward Vice-Chair Matthew Ruterbories for chairing the April meeting while he was on vacation.

SUBJECT: APPROVAL OF MINUTES – March 27, 2023

Motion was made and it was properly seconded to approve the minutes of the March 27, 2023, Audit Services Oversight Committee meeting.

The motion passed unanimously.

SUBJECT: ADJUSTMENTS TO THE AGENDA

There were no adjustments to the agenda.

SUBJECT: DISCIPLINARY ACTIONS PROCESS PERFORMANCE AUDIT

Dr. Germaine Brewington, Director of the Audit Services Department, thanked Robin Wynn, Director of the Human Resources Department and Felicia Nolan, Manager in Human Resources, for their time during this engagement. This audit was the result of a meeting with Robin Wynn and her staff about the disciplinary process and its challenges; and the objectives were derived from challenges that Director Wynn wanted to address. Dr. Brewington also acknowledged that Manager Nolan is a one-person division responsible for many different time sensitive tasks, so she appreciated her attention to this audit.

Dr. Brewington also thanked the Equity and Inclusion Department for collaborating with the Audit staff and assisting them with understanding equity in this space and identifying ideas of an equity lens through which to examine the disciplinary process. As a result of this collaboration,

the Audit Services staff were able to research various equity tools that were ultimately used to analyze the data gathered in this audit.

Dr. Brewington presented the results from the Disciplinary Actions Process Performance Audit. The audit was performed because establishing a straightforward disciplinary process helps ensure employees understand the consequences of poor performance, and it sets expectations early. A clear policy also provides consistency in the application of disciplinary practices, helping employers avoid claims of discrimination in the workplace. All City employees should follow the necessary rules, regulations, policies, and guidelines applicable to their performance and behavior as the work to serve the Durham community. Violations of rules, regulations, policies, and guidelines, or other performance expectations can result in disciplinary actions, including written reprimand, suspension, termination, or demotion.

Dr. Brewington discussed a high-level overview of the disciplinary process, noting that there are exceptions and particular details in cases that affect the timeline of the disciplinary process. She added that terminations, demotions, and suspensions require additional disciplinary processes not outlined in the flow chart in the report. She presented numerical data that showed the trends regarding disciplinary actions, namely the total disciplinary actions by fiscal year, the number of disciplinary actions by type (written reprimand, suspension, discharge, and demotion), and the departments that have the most cases of disciplinary actions.

The presentation of the audit results and findings was organized by the three audit objectives. The scope of the audit included examining current practices related to disciplinary actions. Audit staff performed analyses on data for the periods of FY 2020 to FY 2023 as of February 2023.

The **first objective** was to assess whether the City has established policies and procedures to administer the employee discipline program and is administering the program in accordance with those policies. The City does have established policies and procedures to administer the employee disciplinary program (HRM 322-2), and there are related effective practices for the disciplinary program outlined in the report. However, there is room for improvement. **Finding 1** in the report stated that a systematic process is not in place to determine consistent application of disciplinary trends. **Finding 5** stated that currently only cases resulting in disciplinary actions are tracked when it would be beneficial to capture data at every stage of the disciplinary process. These findings led to **Recommendations 1, 2, and 7** listed below.

The **second objective** was to assess the City's consistency and timeliness in applying employee discipline when behaviors requiring discipline are identified. This objective informed **Finding 2** which stated that performance metrics are not tracked to monitor timeliness of disciplinary actions. This finding led to **Recommendations 3 and 4** listed below.

The **third and final objective** was to review policies and application of policies from an equity perspective. **Finding 3** stated that room exists to advance equity by revising Policy HRM 322-2. **Finding 4** stated that disciplinary actions data analyses performed by the Audit Services Department staff might highlight some inequities. Dr. Brewington emphasized that the Audit staff were not opining on the results of their analyses; just that HR staff should take advantage of this data rich area to try to identify root causes of disparities in discipline and try to substantiate

or confirm the disparities in the disciplinary actions. These findings led to **Recommendations 5 and 6** listed below.

The recommendations follow.

Recommendation 1 (Management Concurred)

The Human Resources Department staff should develop a systematic process to review for consistency in the application of disciplinary actions. They should perform robust data analyses to aid with this review.

Value added: Risk Reduction; Compliance.

Recommendation 2 (Management Concurred)

The Human Resources Department staff should enhance current practices around retention of Technical Review Forms documenting Human Resource Department approval.

Value added: Risk Reduction

Recommendation 3 (Management Concurred)

The Human Resources Department staff should monitor the timeliness of disciplinary actions and ensure that departments follow the timeliness requirements per policy. They should develop performance metrics around the timeliness of disciplinary actions.

Value added: Risk Reduction

Recommendation 4 (Management Concurred)

The Human Resources Department staff should develop training to educate department staff on the requirements of Policy HRM 322-2.

Value added: Risk Reduction; Compliance.

Recommendation 5 (Management Concurred)

The Human Resources Department staff, in collaboration with the Equity and Inclusion Department staff, should review and address the inequities in the policy and make the appropriate changes deemed necessary.

Value added: Risk Reduction

Recommendation 6 (Management Concurred)

The Human Resources Department staff should perform an independent analysis to identify inequities, determine root causes that contribute to those inequities, and design processes to minimize future inequities.

Value added: Risk Reduction

Recommendation 7 (Management Concurred)

The Human Resources Department staff should collect data for all disciplinary action review tasks performed.

Value added: Risk Reduction

Questions/Comments:

Questions by ASOC members:

- Looking at Recommendations 1 and 7 and their focus on data collection and present/future usages of data, Vice-Chair Ruterbories asked for more information on how this data is going to be used, especially for Recommendation 1. Is this data going to be shared with department directors quarterly to see various trends in their department and in the organization? What would the actual reporting process be like? How feasible is the implementation date?
 - Director Robin Wynn said that Human Resources will collect that data and initially share it with the Executive Round Table. Under the City Manager's direction, they will share that information with department heads if that is the directive that they are given. The intent of sharing that data would be to bring attention to any internal processes that are not related to policy to ensure compliance with policy across the organizations. One of Human Resources' primary goals is to look at discipline across the organization and ensure that things are being done according to policy. Understanding the data and having conversations regarding it would be helpful. Regarding feasibility, the Human Resources Department currently does have tools in place to collect data. Late last year, Human Resources staff built a database in its existing systems to collect this data, but it has not been turned on because they were waiting to fill Manager Nolan's role, which they did in December. Right now, it is a lot to manage so there are still conversations about when and how to get that database running, but there is the intention of getting it up and running as soon as possible because it does already exist.
 - Vice-Chair Ruterbories commented that Director Wynn's answer was helpful in conjunction with what was stated in the report, especially since he appreciates quicker implementation times.
 - City Manager Wanda Page followed up on Director Wynn's answer by providing added context. She stated that the City has over 350 supervisors. The largest departments are the ones that have the most disciplinary actions for a variety of reasons. There are a lot of systems the City has to collect data. The disciplinary actions process is a space that is data rich, but sometimes there is not a great plan to use it in decision-making. As a new director, Director Wynn requested to look at a system and a cycle around discipline that can be impacted by many different factors. The City needs to have a baseline to determine a starting place for looking at this data and data system. Once we have this baseline like in this audit, the City will utilize the current systems, implement new ones as needed, and make recommendations around beefing up necessary resources for an equitable system of discipline for the organization. She thanked the Audit Services Department for bringing the audit to conclusion. She also thanked Human Resources staff who are ready to take on the suggested improvements.

SUBJECT: FY24 PROPOSED ANNUAL AUDIT PLAN

Dr. Brewington reviewed the proposed annual audit plan for fiscal year 2024. She reminded the Committee that she is available to answer any questions they have regarding the audit topics so they will be able to vote on this proposed audit plan in the May meeting. Dr. Brewington added more context for the proposed audit regarding decentralized billing areas and receivables management. She stated that there were two different audits presented to the Committee this year (FY23) where the controls around the collection of fees were deficient, and it prompted the Audit Services staff to want to take a deeper dive into other areas of fee collection. This topic was also suggested by one of the Committee members. The risk to the City of this highly portable asset and the high interest in auditing this area resulted in this topic being on the proposed plan. There are many departments that collect fees so this audit will incorporate multiple departments. Each audit on the proposed plan should positively impact the performance of the specific departments associated with the different audit topics (either through confirmation of adequate current practices or the need for improvements to current practices).

Questions/Comments:

Questions by ASOC members:

- Vice-Chair Ruterbories asked to know more about the Paycheck Verification Process. Is that just accuracy about payroll data?
 - Dr. Brewington stated yes. The reason for this proposed audit topic is because there has been a lot of turnover in the past few years. Audit staff have identified some less than robust standard operating procedures around various processes in the City so in this high-risk area, there needs to be confirmation that controls are in place to ensure the right people are getting paid.

SUBJECT: 3Q FY23 AUDIT RECOMMENDATIONS UPDATE

Dr. Brewington updated the committee on the twenty-six open audit recommendations. Seventeen (17) recommendations were still pending at the end of March while nine recommendations were implemented and closed. Emergency Communications staff have done a great job in implementing their recommendations and we hope they will return in the first quarter of FY24 (to report 4th quarter FY23 data) and highlight the progress the Department has made in implementing their recommendations.

SUBJECT: 3Q FY23 FRAUD WASTE, AND ABUSE UPDATE

Dr. Brewington updated the committee on the fraud, waste, and abuse cases in the third quarter. Ten (10) engagements were received in 3Q FY23. Four (4) cases were referred; three (3) cases were consultations. One case was investigated and substantiated. One case was still in process at the end of March. In the last case, a resident called the Department and spoke with Dr. Brewington. She spoke with the resident multiple times. He indicated he was going to send in

evidence to support the allegation, but he never did. This case will have no additional resources allocated to it (unless the resident presents evidence in the future).

SUBJECT: END OF FISCAL YEAR REMINDERS

Dr. Brewington reminded the committee that the May 22 ASOC meeting will be the last meeting of this fiscal year. The June meeting was cancelled. The committee needs to create a Nominating Committee and have a session 30 minutes before the regular ASOC meeting in which the Nominating Committee meets and selects the officers of FY 2024 which begins on July 1, 2023.

Questions/Comments:

Questions by ASOC members:

- Chairman Long asked if the Committee will be able to use the same Zoom link to get on the meeting early or if he should send out a new one.
 - Dr. Brewington stated the same Zoom link can be used. She, through the Clerk's Office, will give the Committee early access to the meeting. After the Nominating Committee has met, they will start the regular ASOC meeting.

SUBJECT: KNIGHTON AWARD RECOGNITION

The Association of Local Government Auditors is an international professional association. This Association is the creator and owner of The Knighton Award; an award bestowed on audit shops for audit reports that are impactful, timely, innovative, and professionally written among other criteria. The City of Durham Audit Services Department's report, "Participatory Budgeting Process Performance Audit" won the 2022 Distinguished Award in the small shop category (5 or fewer auditors). This audit was submitted because the Audit staff thought this report had the potential, as a result of the findings and recommendations, to significantly improve the City's PB Cycle 3. The report was also selected for submission by the Audit staff because the PB process is relatively unknown to many audit shops and the Audit staff thought it could serve as a resource for how to audit participatory budget cycle processes across the country.

Dr. Brewington acknowledged the Audit Services Department staff for their hard work and participation in every audit engagement.

Questions/Comments:

Questions by ASOC members:

- Vice-Chair Ruterbories acknowledged Assistant Director Sonal Patel's service as the Chair on the ALGA Awards Committee. He stated that it would be great to hear more about her participation and continued engagement on the ALGA Committee. He congratulated Audit Services for their award.

- Dr. Brewington stated Assistant Director Patel was away at a family wedding and was sorry to miss the meeting. Dr. Brewington explained that Assistant Director Patel is the current Chairperson of the Awards Committee, but that she has been nominated to be on the full policy setting ALGA Board. Dr. Brewington stated that her nomination to the Board is important and reflects Assistant Director Patel's hard work with ALGA. Dr. Brewington stated that Sonal's Committee work reflects highly on the City of Durham, as do all the projects the City of Durham Audit staff participate in (e.g., authoring articles for the ALGA Quarterly Journal. The next article written by staff will be published in the June Quarterly). Dr. Brewington acknowledged that participation in ALGA provides a lot of different leadership opportunities and growth opportunities for staff which benefits the City every day in the work produced by the Audit staff.

OTHER BUSINESS

The next meeting will be on May 22, 2023.

Chairman Long congratulated the Audit Services staff for their distinguished Knighton Award. He appreciates each member of the Audit staff, how vitally important they are to the City, and how impressed he has been with Audit Services work in the time that he has served on the committee.

Council Member Jillian Johnson and Mayor Elaine O'Neal also congratulated Audit Services on their award.

Chairman Long adjourned the meeting at 4:24 pm.

Respectfully submitted,

Alisha Neblett Thompson