CITY OF SPARTANBURG
SOUTH CAROLINA

CITY COUNCIL AGENDA

City Council Meeting
County Council Chambers
366 N. Church Street
Monday, June 23, 2025
5:30 PM

I. **Moment of Silence**

II. **Pledge of Allegiance**

III. **Approval of the Minutes of the June 9, 2025 Meeting**

IV. **Approval of the Agenda of the June 23, 2025 Meeting**

V. **Public Comment**
****Public Comment Forms are availble inside Council Chambers on the front podium. Please turn in the completed form to the City Clerk prior to the start of the meeting.****

VI. **The Spartanburg Community Aviation Program-Class of 2025**
<u>Presenter: Terry Connorton, Airport Director</u>

VII. **Resolutions**

A. **A Resolution Accepting the Donation of Property Located at 280 S. High Point Road Bearing Tax Map Parcel # 7-15-04-142.00.**
Resolution 2025-013
<u>Presenter: Robert Coler, City Attorney</u>

B. **A Resolution Allocating Fiscal Year 2025 Community Development Block Grant and Home Partnership Funds**
Resolution #2025-014
<u>Presenter: Martin Livingston, Community Development Director</u>

VIII. **Award of Bid for Banking Services for the City of Spartanburg**
<u>Presenter: Dennis Locke, Finance Director</u>

IX. **Fraud Risk Management Assessment Presentation**
<u>Presenter: Dennis Locke, Finance Director</u>

X. **Boards and Commissions Appointments**
<u>Presenter: Christie Lindsey, City Clerk</u>

XI. **Staff Updates**

XII. **City Council Updates**

As required by the Americans with Disabilities Act, the City of Spartanburg will provide interpretive services for the City Council Meetings. Requests must be made to the Communications & Marketing Office (596-2020) 24 hours in advance of the meeting. This is a Public Meeting and notice of the meeting was posted with the Media 24 hours in advance according to the Freedom of Information

XIII. Adjournment.

City Code Sec. 2-57. Citizen Appearance. Any citizen of the City of Spartanburg may speak at a regular meeting on any matter pertaining to City Services and operations germane to items within the purview and authority of City Council, except personnel matters, by signing a Citizen's Appearance form prior to the meeting stating the subject and purpose for speaking. No item considered by Council within the past twelve (12) months may be added as an agenda item other than by decision of City Council. The forms may be obtained from the Clerk and maintained by the same. Each person who gives notice may speak at the designated time and will be limited to a two (2) minute presentation.

City Council Meeting
County Council Chambers
366 N. Church Street
Monday, June 9, 2025
5:30p.m.

(These minutes to be approved at the June 23, 2025 Council Meeting)

City Council met this date with the following Councilmembers present: Mayor Jerome Rice, Mayor Pro Tem Erica Brown, Councilmembers Meghan Smith, Janie Salley, Jamie Fulmer, and Ruth Littlejohn. City Manager Chris Story, Assistant City Manager Kevin Limehouse, City Attorney Robert Coler, and City Clerk Christie Lindsey were in attendance. Deputy City Manager Mitch Kennedy was absent. Notice of the meeting was posted with the Media 24 hours in advance according to the Freedom of Information Act. All City Council meetings are live streamed/recorded. To view the video for a complete transcript, please visit https://www.cityofspartanburg.org/city-council

I. **Moment of Silence – observed**

II. **Pledge of Allegiance - recited**

III. **Approval of the Minutes of the May 27, 2025 and May 30, 2025 City Council Meetings**
Councilmember Fulmer *made a motion to approve the minutes as received.*
Councilmember Smith *seconded the motion, which carried unanimously 6 to 0.*

IV. **Approval of the Agenda for the June 9, 2025 City Council Meeting -**
Councilmember Littlejohn *made a motion to approve the agenda as received.*
Councilmember Fulmer *seconded the motion, which carried unanimously 6 to 0.*

V. **Public Comment –**
*Citizen Appearance forms are available at the door and should be submitted to the City Clerk
1. **Liv Hawkins-Spoke regarding a walkability for students study that he had conducted.**

VI. **Presentation on Spartanburg's Collective Plan for Behavioral and Mental Health**
Presenter: Lucy Willms-Spartanburg Regional Foundation
Council received presentation as information only.

VII. **Ordinance**

A. **To Provide for the Adoption of a City Operating Budget, Its Execution and Effect, for the Fiscal Period July 1, 2025 through June 30, 2026**
(Second Reading) Ordinance # 2025-003
Presenter: Dennis Locke, Finance Director
Councilmember Fulmer *made a motion to approve the Ordinance as presented.*
Councilmember Littlejohn *seconded the motion, which carried unanimously 6 to 0.*

B. To Raise Revenues for the City of Spartanburg for the Fiscal Year 2025-2026 to Levy Taxes on All Real Estate and Personal Property, Except Such as is Exempted by Law, in the Corporate Limits of the City of Spartanburg for Corporate Purposes for the Fiscal Year 2025-2026 and to Provide Penalties for the Delinquent Payment of Taxes Levied and Provided For.
(Second Reading) Ordinance # 2025-004
Presenter: Dennis Locke, Finance Director
Mayor Pro Tem Brown *made a motion to approve the Ordinance as presented.* ***Councilmember Salley*** *seconded the motion, which carried unanimously 6 to 0.*

VIII. Staff Updates

Chris Story thanked the Parks, Recreation and Special Events team for all their hardwork during this busy event season in the City. He also advised Council about the upcoming Southside Cultural Monument unveiling on June 14, 2025 at the Corner of Hudson L. Barksdale Blvd. & S. Converse Street.

IX. City Council Updates

Each Councilmember gave updates on their activities since the previous council meeting.

Councilmember Smith *made a motion to adjourn to executive session at 6:19p.m.* ***Councilmember Littlejohn*** *seconded the motion, which carried unanimously 6 to 0.*

X. Executive Session

A. An Executive Session Pursuant to Section 30-4-70 (a)(5) of the South Carolina Code to Discuss Matters Relating to "Project Midnight Rider" a potential Economic Development Project.

XI. **Adjournment –** ***Councilmember Smith*** *made a motion to adjourn the meeting. Mayor Pro Tem Brown seconded the motion, which carried unanimously 6 to 0. The meeting adjourned at 6:49 p.m.*

Christie B. Lindsey

Christie B. Lindsey, City Clerk

REQUEST FOR CITY COUNCIL ACTION

TO: **Chris Story, City Manager**

FROM: **Martin Livingston, Community Development Director**

SUBJECT: **Approval of the City of Spartanburg's Fiscal Year 2025 Annual Action Plan**

DATE: **June 23, 2025**

BACKGROUND:
The U.S. Department of Housing and Urban Development (HUD) provides the City with two recurring annual grants, the Community Development Block Grant (CDBG) and HOME Partnership Funding, to address low and moderate income neighborhoods in the City and affordable housing priorities. HUD attempts to ensure that cities utilize those programs strategically by requiring that the annual use of the funds be aligned with a five-year Consolidated Plan.

Staff is requesting approval of the City of Spartanburg's Fiscal Year 2025 Annual Action Plan. The Consolidated Plan and Annual Action Plan documents determine by survey, public hearings, and consultations with neighborhood residents and partner organizations about the needs of the community and develops a five-year plan for addressing those needs. The Annual Action Plan is an annual requirement of HUD for the City to continue receiving Community Development Block Grant (CDBG) and HOME Partnership Funding. Both documents focus on eligible low and moderate income neighborhoods in the City and affordable housing priorities for the use of CDBG and HOME funds. A Consolidated Plan is not a Comprehensive Plan. A Comprehensive Plan is much larger in scope and is a function of the City's strategic vision of its development and zoning priorities over a twenty-year period.

The City of Spartanburg is expected to receive an allocation of Community Development Block Grant (CDBG) and HOME Partnership Funds for eligible activities to be implemented within City limits. CDBG Funds can be used for a variety of activities including administration, affordable housing, infrastructure, economic development, demolition, subrecipient activities, and other eligible uses. HOME Partnership Funds can only be used for the development of affordable housing. The total estimated allocation for CDBG Funds is estimated at $637,479 and the total allocation of HOME Partnership Funds is estimated at $211,883. After a thirty (30) day comment period which ends June 19, the documents must be submitted to HUD by the July 11, 2025, deadline.

ACTION REQUESTED: Staff is requesting approval of the City of Spartanburg's Fiscal Year 2025 Annual Action Plan for submission to the U.S. Department of Housing and Urban Development.

BUDGET AND FINANCIAL DATA: Revenue – $637,479 in Community Development Block Grant Funds and $211,883 in HOME Partnership Funds.

A RESOLUTION
ALLOCATING FISCAL YEAR 2025
COMMUNITY DEVELOPMENT BLOCK GRANT
AND HOME PARTNERSHIP FUNDS

WHEREAS, The City of Spartanburg is required to prepare a five-year strategy for the use of the Community Development Block Grant ("CDBG") and HOME Partnership Grant funds in a Consolidated Plan; and

WHEREAS, the City of Spartanburg ("City") will receive a Community Development Block Grant ("CDBG") and HOME Partnership Funds Grant for Fiscal Year 2025; and

WHEREAS, the funding of the CDBG and HOME Partnership Funds are provided by the U.S. Department of Housing and Urban Development (HUD) with an annual application; and

WHEREAS, City Council has considered the various needs and priorities for the use of these funds and has provided for public input on the use of these funds.

NOW, THEREFORE, BE IT RESOLVED BY the Mayor and Members of Council of the City of Spartanburg in Council assembled:

Section 1. Approval of the Fiscal Year 2025 Annual Action Plan to be submitted to the U.S. Department of Housing and Urban Development.

Section 2. Fiscal Year 2025 CDBG funds and Fiscal Year 2025 HOME funds are appropriated as follows:

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
PROPOSED ACTIVITIES:

Neighborhood Services Administration	127,000
Public Services / Subrecipients	90,000
Rehabilitation Admin and Code Admin	164,000
Housing Rehabilitation	192,479
Removal of Blight / Citywide Demolition	64,000
TOTAL CDBG Annual Budget	**637,479**

HOME PARTNERSHIP FUNDS
PROPOSED ACTIVITIES:

Administration	21,000
CHDO Reserves	32,000
Housing Developments	158,883
TOTAL HOME Annual Budget	**211,883**

Section 3. If the U.S. Department of Housing and Urban Development reduces or increases the overall allocation of Community Development Block Grant (CDBG) and Home Partnership Funds (HOME), each activity, will be proportionally increased or decreased from the estimated funding levels to match actual allocation amounts, except for subrecipient activities.

Section 4. If the U.S. Department of Housing and Urban Development reduces the overall CDBG allocation, then subrecipient activities will be reduce to meet the CDBG subrecipient limits.

Section 5. This Resolution adopted this ________ day of ________________ 2025.

____
Jerome Rice, Mayor

ATTEST:

____
Christie Lindsey, City Clerk

APPROVED AS TO FORM:

____
Robert P. Coler, City Attorney

Fiscal Year 2025 Annual Action Plan – Public Hearing
CC Woodson Community Center – Thursday, June 5, 2025 / 6:00 PM
Public Comments

1) **Is the Annual Action Plan Presentation and documents accessible to the public?** Yes, all documents are available on our website, along with previous annual action plans and other useful information and programs.

2) **Is the housing plan public, private, or a public-private partnership?** This depends on the specific initiative. The city engages in partnerships, as we are unable to undertake this work independently. For instance, our emergency repair program is a collaboration in which the city and its housing partner identify clients, recruit volunteers, and subsequently request funding from the city. Additionally, we intend to collaborate with a private developer and a Community Development Financial Institution (CDFI). In terms of homeownership, we possess vacant lots and will partner with a developer to provide funding for the construction of affordable housing. We strive to maximize public-private partnerships whenever feasible.

3) **What is the process for selecting developers?** We typically utilize a Request for Proposals (RFP) process and engage with developers with whom we have previously established working relationships. In some cases, the city partners with local non-profits and housing developers to develop housing on city lots.

4) **Where can the RFPs be found?** The documents can be found on the city's website under the "Procurement and Risk Management" section. If you are interested in receiving notices from the procurement department when proposals are updated, please register on the website.

5) **Is this funding intended for the working class?** Yes, applicants must meet specific income requirements to qualify.

6) **Are the comments accessible for public review?** Yes, the top identified needs are listed and available on our website in the Consolidated Plan, the five-year study of needs in the community. These comments will also be included.

7) **Is tree removal eligible for funding?** Yes, we have secured funding from the South Carolina State Housing Finance and Development Authority (SC Housing) for this purpose.

8) **Are these funds derived from federal sources?** Yes, the CDBG and HOME Funds are federally funded.

9) **Why was there no homeownership construction as indicated in the presentation?** There were no project completions or funding allocated for that activity this past year.

10) **How can members of the public access some of this funding?** For additional information, please visit our website or contact the Neighborhood Services Department by email or by phone.

COMMENTS RECEIVED VIA EMAIL:

Hi Martin, I've received an email about a training that I signed up for happening tomorrow until 2 p.m., so to save you having to sit through a meeting with me, I'm putting my thoughts and questions in this email. Here goes, starting with Effective Program Management:

1. Expand and Improve Public Infrastructure
    - Transportation - repair/repave roads; better signage that's easier to read at night; expand/extend bus routes that will make it easier for people to get to their jobs (work with County to design) / RESPONSE: Yes. Included in the Comprehensive Plan and several city transportation plans. The city is proposing a Micro Transit program we hope to implement this year.
2. Public Safety
    - Sidewalks - install and repair existing
    - Cut back overgrown undeveloped lots/hold lot owners accountable with fines
    - Work with Public Safety and Duke Energy to install better lighting especially in high crime areas; Tag readers to fine speeders and other traffic offenders
3. Green Spaces - Recreational (Every City owned vacant lot doesn't need to have a house built on it. Be more amenable to neighborhood groups to have lots that aren't buildable)
    - Community Gardens
    - Pocket Parks with benches, lighting, chess/checkers tables, community maps indicating nearby trails/businesses, historical markers about community, playgrounds similar to Willow Oaks in Hampton Heights
4. Hold absentee landlords more accountable through stiffer fines and better inspection of properties
5. Are there no Opportunity Zones on the Southside? Is the Southside in the Low/Mod Block Tracts? RESPONSE: Opportunity zones are designations of the federal government and assigned by the Governor of South Carolina and based on income levels of areas. There are no opportunity zones on the Southside in the city. Several areas of the Southside are designated low and moderate and some are not.

6. Are the entitlement communities only those areas designated in the draft plan? RESPONSE: An entitlement community is the entire City of Spartanburg because we receive CDBG and HOME funds annually through congressional appropriation. Entitlement communities is a designation from HUD for municipalities and counties that receive regular CDBG and HOME funds annually. The City of Spartanburg has designated several areas for comprehensive neighborhood redevelopment and have developed Transformation Plans for those neighborhoods. These neighborhoods are Highland and Northside. The Southside has a different strategy since neighborhood redevelopment has occurred in several stages over the years.
7. Regarding the City's involvement with CoC, is there help for working very low income individuals who've been evicted or being threatened with eviction for nonpayment of rent? Any units in PHA for emergency placement in that case? RESPONSE: Yes. Funding is available for Rapid Re-Housing (evictions and evictions prevention) through a Place to Call Home. There are many other programs under development to assist the homeless and prevent homelessness. Residents can reach Beth Rutherford at (864) 591-4417.
8. Why not land banks and sell vacant lots instead of deeding them to developers and offer smaller lots not suitable for development to neighborhood community groups. RESPONSE: The city does not sell its vacant lots. We offer developable lots for housing where possible. There may be opportunities in the future to set aside lots for community gardens with the right approach and partnerships.

I saw the several programs for homeowners/purchasers, but are there programs grants or loans for

- Emergency Home Repair / RESPONSE: This is a grant working with Rebuilding Spartanburg Together (formerly Christmas in Action).
- Exterior Improvement Program / RESPONSE: ARPA Home repair is a deferred loan, which converts to a grant after five years. We work with the Northside Development Group to provide repairs to interior and exterior of homes.

   - Home Modification Program for people with disabilities or elderly: / RESPONSE: I am not aware of this program. Might be the same program as Emergency Home Repair where we work with the disabled and elderly. We also offer an HVAC program with referrals from Rebuilding Spartanburg.
2. To improve community wealth, does Neighborhood Services work with developers to promote apprenticeship programs that may exist in various areas? Mr. Luther Norman's Youth Services Bureau has been sponsoring a construction apprenticeship program for over 5 years for middle and high school students on the North and South sides of the City. REPONSE: The city is working with a Place to Call Home to create a workforce development / job creation program with funding. Mr. Norman Can contact Hannah Jarett for more information.

My lens in reading the draft plan is narrow since I'm not an urban planner, not familiar with all of the regulations mentioned (I did look them up. Boy, head spinning!) and my major interest is for the Southside and its growth, so I thank you for indulging my ignorance.

City of
SPARTANBURG
south carolina

REQUEST FOR CITY COUNCIL ACTION

TO: **Chris Story, City Manager**

FROM: **Dennis R. Locke, Director of Finance & Budget**

SUBJECT: **Banking Services**

DATE: **June 17, 2025**

BACKGROUND:

Our current banking agreement will expire on June 30th. As recommended by GFOA best practices, municipalities should prepare a request for proposal (RFP) on a periodic basis. Our current agreement had been for five years with Wells Fargo. In April of this year we sent proposal to all banks within our municipality. We received responses from T.D. Bank, South State Bank, Parks National Bank, Wells Fargo, Truist, First Citizens Bank, Fifth Third Bank, and Synovus Bank.

The selection criteria was responsiveness and ability to provide services and reports required, banking services costs and earnings potential, creditworthiness and stability of bank, experience, references, and continuity of bank and bank officials and community involvement. After reviewing the proposals staff recommends T.D. Bank.

ACTION REQUESTED:

Staff request that Council authorize the City Manager to sign a contract with T.D. Bank to provide banking services to the City. This is a five year contract and includes two one year extensions.

BUDGET & FINANCIAL DATA:

The annualized fee is estimated at $13,695.72 but will be offset with compensating balances that will fluctuate depending on our monthly activity and the earning credit rate which is subject to change over the term of our contract.

City of
SPARTANBURG
south carolina

REQUEST FOR CITY COUNCIL ACTION

TO:	**Chris Story, City Manager**
FROM:	**Dennis R. Locke, Finance Director**
SUBJECT:	**Fraud Risk Management Assessment**
DATE:	**June 18, 2025**

In preparation for the City's upcoming FY 2024–2025 audit, departments were asked to conduct an internal assessment to identify potential risk areas. The primary objective of this exercise is to highlight fraud risks that have more than a remote likelihood of occurring and that could have a more than inconsequential impact on the City's finances. These risks may include loss of assets, inadequate internal controls, or procedural weaknesses.

In accordance with Generally Accepted Accounting Principles (GAAP), the City is required to maintain a robust system of internal controls to mitigate the risk of fraud, particularly the misappropriation of assets. This assessment specifically focuses on identifying risk areas where no mitigating internal controls currently exist.

While no official action is required by City Council at this time, it is recommended that this information be shared with the Mayor and Councilmembers for awareness and transparency.

CITY OF SPARTANBURG

FRAUD RISK ASSESSMENT REPORT

JULY 1, 2024 – JUNE 30, 2025

PREPARED BY: DENNIS R. LOCKE
FINANCE DIRECTOR

June 17, 2025

CITY OF SPARTANBURG
FRAUD RISK ASSESSMENT REPORT
FY 2024 - 2025

Purpose Statement

In 2002, the American Institute of Certified Public Accountants (AICPA) issued the Statement on Auditing Standards (SAS) No. 99. This SAS No. 99 required entities to conduct annual fraud risk assessment and for auditors to consider the possibility that a material misstatement due to fraud could be present in the entity's financial statements.

In 2006, the AICPA issued the SAS No. 112. This SAS No. 112 established standards and provided guidance on communications matters related to an entity's internal control over financial reporting identified in an audit of financial statements. In other words, SAS No. 112 states that if an entity does not conduct an annual risk assessment it is a required to be reported as material weakness in the financial statements. Fraud risk assessments should be conducted periodically to identify potential schemes and events that need to be mitigated.

In preparation of the City's upcoming FY 2024 - 2025 audit, departments were asked to conduct an assessment of their department for potential risk areas. The goal is to identify fraud risk that have a more than remote likelihood of occurring, and a more than inconsequential impact on the City's finances. These risks could be in loss of assets, lack of proper controls, or weaknesses. Generally Accepted Accounting Principles (GAAP) requires the City to maintain a system of internal controls to reduce the risk of fraud (misappropriation of assets). This assessment focuses on areas of potential risk and where there are no existing migrating internal controls.

The assessments of the departments were compiled and summarized below.

Our purpose is to understand where fraud is most likely to occur so that the risk of fraud can be effectively controlled. A fraud risk assessment and internal controls do not guarantee that will not occur.

According the Association of Certified Fraud Examiners' 2018 Global Fraud Study, the governmental sector had the third largest number of cases. The study also reported the most frequent fraud scheme in the government sector was corruption at 50%. The four primary types of corruption fraud are conflicts of interests, bribery, illegal gratuities, and economic extortion.

A. Defining Fraud Risk (two-fold):

1. The risk that an employee or agent might engage in fraud or improper business practices to secure some real or perceived gain for the organization to the detriment of a third party, e.g., competitors, shareholders, or others; and
2. The risk that an employee, agent or other person might perpetrate a fraud to harm the organization directly, e.g., misappropriates assets or otherwise harms the organization.

Example of potential areas of risk are: employee conduct, conflicts of interest, relationships with suppliers, gifts, favors, kickbacks, separate bank accounts, misuse of City assets, or misappropriation of City assets, theft of property, etc.

B. Responsibility of Government:

1. The primary responsibility for the prevention and detection of fraud and error rests with both:

   a) Those charged with governance
      Oversight

   b) Management
      Tone at the Top

C. What is tone at the top?

1. The ethical atmosphere that is created in the workplace by the organization's leadership.

2. Tone at the top will trickle down to employees.

D. Method to reduce fraud risk:

1. The best method to reduce the fraud risk at a government is sound, efficient, and effective internal controls.

2. The best internal control is the flow of information.

3. Internal control is a process. It is a means to an end, not an end in itself.

Ethical leadership is the foundation of an ethical organization. Ethical leaders create a culture of respect, trust, and accountability and always strive to do the right thing. Ethical leaders model ethical values such as honesty and integrity and communicate those values throughout the organization. Ethical leaders lead by example and earn the right to expect others to do so as well. Leaders who lead ethically are role models, communicating the importance of ethical standards and holding their employees accountable to those standards. Leadership is the most important lever in an ethical system designed to support ethical conduct.

An effective system of internal controls is critical to establish an ethical organizational culture that should be supported by the tone at the top. Internal controls include all of the processes and procedures that management puts in place to help make sure that its assets are protected and that financial activities are conducted in accordance with the organization's policies and procedures. An internal control system, no matter how well conceived and operated can provide only reasonable, not absolute, assurance to to management and the governing body regarding achievement of an entity's objectives.

Below are departmental assessments:

City Manager's Office

Area of potential risk: Management override of policies and procedures.

Existing Internal Controls: The City's Finance & Procurement policies and procedures, and oversight from governing body.

Communications & Marketing

Area of potential risk: There is limited or no potential risk of fraud in this area.

Finance / Revenue Division

1) Area of potential risk: Cash skimming (asset misappropriation) of payments before being processed in the system.

Existing Internal Control: Business license applications, invoices and other external source documents.

2) Area of potential risk: Physical control of cash (asset misappropriation), including adequate safeguards, such as secure facilities to protect against theft of assets or records.

Existing Internal Control: Finance has a locked door with limited access.

Recommendation: Maintain physical controls (i.e. all cash, checks and deposit bags) should be locked in a drawer or file cabinet.

Economic Development

Area of potential risk: There is limited or no potential risk of fraud in this area.

Engineering

Area of potential risk: Procurement and contract fraud; kickbacks.

Existing Internal Controls: The City's procurement policies and procedures, annual ethics statement, and management oversight.

Planning

1) Area of potential risk: Cash skimming (asset misappropriation) of payments before being processed in the system.

Existing Internal Control: Zoning permit applications and other external source documents.

2) Area of potential risk: Physical control of cash (asset misappropriation), including adequate safeguards, such as secure facilities to protect against theft of assets or records.

Existing Internal Control: Zoning has a locked door with limited access.

Recommendation: Maintain physical controls (i.e. all cash, checks and deposit bags) should be locked in a drawer or file cabinet.

Inspections

1) Area of potential risk: Cash skimming (asset misappropriation) of payments before being processed in the system.

Existing Internal Control: Business permit applications and other external source documents.

2) Area of potential risk: Physical control of cash (asset misappropriation), including adequate safeguards, such as secure facilities to protect against theft of assets or records.

Existing Internal Control: Inspections has a locked door with limited access.

Recommendation: Maintain physical controls (i.e. all cash, checks and deposit bags) should be locked in a drawer or file cabinet.

Construction Management

Area of potential risk: Procurement and contract fraud; kickbacks: misappropriation of assets.

Existing Internal Controls: The City's procurement policies and procedures, annual ethics statement, and management oversight (cameras have been installed and doors are secured at the maintenance shop).

Building Maintenance

Area of potential risk: Procurement and contract fraud; kickbacks.

Existing Internal Controls: The City's procurement policies and procedures, annual ethics statement, and management oversight.

Police Department

Area of potential risk: There is limited or no potential risk of fraud in this area.

Fire Department

Area of potential risk: There is limited or no potential risk of fraud in this area.

Municipal Court

1) Area of potential risk: Cash skimming (asset misappropriation) of payments before being processed in the system.

Existing Internal Control: Tickets and other external source documents.

2) Area of potential risk: Physical control of cash (asset misappropriation), including adequate safeguards, such as secure facilities to protect against theft of assets or records.

Existing Internal Control: Municipal Court has a locked door with limited access.

Recommendation: Maintain physical controls (i.e. all cash, checks and deposit bags) should be locked in a drawer or file cabinet.

Human Resources

Area of potential risk: There is limited or no potential risk of fraud in this area.

Information Technology

Area of potential risk: Management override of general and software controls.

Existing Internal Controls: Audit reports

Fleet Maintenance

Area of potential risk: Asset misappropriation of fuel and equipment.

Existing Internal Controls: Physical controls and year-end inventory reconciliation

Ground Maintenance

Area of potential risk: Asset misappropriation of equipment

Existing Internal Controls: Yearly fixed asset inventory

Traffic Services

Area of potential risk: Asset misappropriation of equipment

Existing Internal Controls: Yearly fixed asset inventory

Street Maintenance

Area of potential risk: Asset misappropriation of equipment

Existing Internal Controls: Yearly fixed asset inventory

Solid Waste

Area of potential risk: There is limited or no potential risk of fraud in this area.

Community Relations

Area of potential risk: There is limited or no potential risk of fraud in this area.

Code Enforcement

Area of potential risk: Conflicts of interest and kickbacks.

Existing Internal Controls: Management oversight

Parks & Recreation

Area of potential risk: Cash skimming (asset misappropriation) of payments before being processed in the system.

Existing Internal Control: External source documents and Finance policies and procedures.

Special Events

1) Area of potential risk: Cash skimming (asset misappropriation) of special event cash (i.e. volunteers handling cash at booths during events and some ride amusement vendors remitting cash to the City with no verification).

Existing Internal Control: Each volunteer is issued a cash box. At the end of each event the cash box is picked up by staff from the volunteer who is held accountable for the contents. At other events staff members are at the booths and monitor the activity.

Recommendation(s):
1) Using tickets for purchasing items / rides at all special events.
2) Vendors should remit the City's portion of ride revenue in the form of a check.
3) Cash report documenting starting cash for each cash box and ending cash.

2) Area of potential risk: Lack of adherence to internal controls.

Existing Internal Control: Finance policies and procedures

Recommendation: More management supervision and training.

Neighborhood Services

Area of potential risk: Ineligible grant expenditures; Procurement and contract fraud; Kickbacks

Existing Internal Controls: The City's procurement policies and procedures, annual ethics statement, and management oversight (grant management).

Transit

1) Area of potential risk: Cash skimming (asset misappropriation) of payments before being processed in the system.

Existing Internal Control: Policies require two people count the fare boxes

2) Area of potential risk: Physical control of cash (asset misappropriation), including adequate safeguards, such as secure facilities to protect against theft of assets or records.

Existing Internal Control: Transit has a locked door with limited access.

Recommendation: Maintain physical controls (i.e. all cash, checks and deposit bags) should be locked in a drawer or file cabinet.

Airport

Area of potential risk: Part of the fueling system is a manual process; misappropriation of assets (cash).

Existing Internal Controls: Year-end inventory reconciliation; Finance policies and procedures.

Recommendation: Switching to a fully automated fueling system.

Parking Garages

Area of potential risk: Underutilization of garages

Existing Internal Control: Monthly parkers must scan their card and daily parkers must pull a ticket when entering, scan ticket when exiting and can only pay using a debit credit card.

Parking Enforcement

Area of potential risk: Parking enforcement officer accepts cash in return for not writing a parking ticket.

Existing Internal Control: Parking tickets are sequentially numbered. Tickets are uploaded to the parking system. Citizens pay in the Finance Department or online.

Storm Water

Area of potential risk: Procurement and contract fraud; kickbacks

Existing Internal Controls: The City's procurement policies and procedures, annual ethics statement, and management oversight.