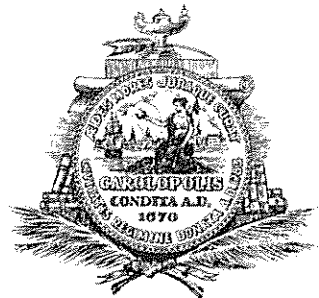


Mayor's Division Audit
Report #19-005

July 15, 2019

Director of Internal Audit
Robert Majernik, CPA





JOHN TECKLENBURG
Mayor

City of Charleston
South Carolina

ROBERT MAJERNIK, CPA
Director of Internal Audit

July 15, 2019

To: City Council

Subject: Mayor's Division Audit (Report #19-005)

Dear City Council:

Internal Audit's review of the 2016-Present Mayor's Office spending is complete. Our review included reviewing personnel files, salary changes, purchase card receipts, and invoices supporting expenses to ensure that they are allowable expenses.

We would like to thank BFRC, Record's Management, and the Mayor's Office staff for their cooperation and records provided throughout this audit.

As of today, July 15, 2019 at 3:00 PM, the Mayor has not received a preliminary draft nor has he had the opportunity to respond to any findings herein. The final report will be issued following receipt of his responses.

We received numerous emails between the Mayor, Mrs. Tecklenburg, John Henry Tecklenburg, and Roy Willey Tuesday July 9, 2019. We have performed a cursory review of these emails and correlated them to other items in this report; however, we have not had the opportunity to perform a complete review on these items.

Sincerely,

Robert Majernik, CPA
Director of Internal Audit

cc: John Tecklenburg, Mayor

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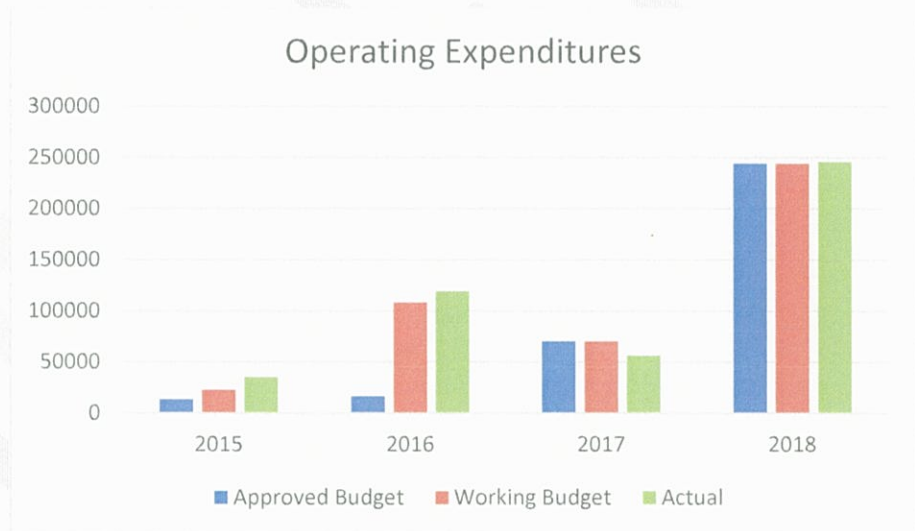
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BACKGROUND

The Mayor's Office provides leadership in the formulation of public policies to meet the community's needs. The Mayor and professional staff create and communicate a vision and management structure that enables all departments and employees of the City of Charleston to effectively serve the citizens of Charleston. The Mayor's Office currently has 9 employees. This number has fluctuated between 8-10 employees during Mayor Tecklenburg's tenure.

STATISTICS

The following chart shows operating expenditures for the Mayor's Office over the last 4 complete years:



The large fluctuation in 2018 is attributable to increased professional and contract services to cover lobbyist expenses, which were previously budgeted under the legal division. The total lobbyist expense spent in 2018 was \$162,355.19.

OBJECTIVE

This audit was conducted in accordance with the request of Council at the May 14, 2019 meeting.

AUDIT SCOPE

The audit period covered all Mayor's Office Division (120000) expenses from 2016 to date as well as select expenses from the Legal Division (141000), Police Division (200000), Community Promotions Division (620000), and the Non-Departmental Division (900000). Source documentation was obtained from the Finance Division, Record's Management Division, as well as the P-Card manager for the Mayor's Office. Original records as well as copies were used as evidence and verified through physical examination.

FINDINGS, OBSERVATIONS AND RECOMMENDATIONS

While the findings discussed below may not, individually or in the aggregate, significantly impair the operations of the City, they could present concerns that can be more effectively controlled with the recommendations herein.

FINDING 19-005 - #1

Observations

The charges listed below are costs that were incurred by the Mayor's Office for which a public purpose had not been identified or documented, in date order:

11/03/16	\$87.89
Nelson Printing Inv. #4200	MH P-Card

This receipt is for 500 business cards for Ade Ofunniyin, Ph. D. including a rush fee of \$20.00. Mr. Ofunniyin works for the Gullah Society and is not an employee of the City. His card includes the City seal, the phrase "An Equal Opportunity Employer," and has his title as "Ambassador to the African Diaspora," his address as 80 Broad Street, and his email as dr.o@gociety.org.

11/07/16	\$750.00
Chronicle Communications Corporation	ck 363033

This invoice is for an ad placed in *The Chronicle* to celebrate James French, Sr.'s 90th Birthday and completing 45 years of success.

03/24/17 \$158.52
Nelson Printing MH P-Card
This receipt is for 500 business cards for John Tecklenburg & Sandy P. Tecklenburg. Both sides of the card include the City Seal. Mrs. Tecklenburg's side list her as "First Lady" and includes sandyteck@gmail.com email address.

06/19/17 \$73.03
Nelson Printing MH P-Card
This receipt is for 500 business cards for Jonathan Green. Mr. Green is not an employee of the City. Mr. Green's card includes the City Seal and "An Equal Opportunity Employer" at the bottom. The card lists his title as "Ambassador of the Arts," address at 80 Broad Street and his email address as jonathangreen@jonathangreenstudios.com.

07/10/17 \$73.03
Nelson Printing MH P-Card
This receipt is for 500 business cards for Lydia Cotton. Ms. Cotton is not an employee of the City. Ms. Cotton's card includes the City Seal, lists her title as "Ambassador to Charleston Latino," address at 80 Broad Street, and her email address as cottonlydiase@gmail.com.

11/06/17 \$234.68
Nelson Printing MH P-Card
This invoice is for 500 business cards for Sandy and John Tecklenburg at a cost of \$159.25 and 500 business cards for Ade Ofunniyin at a cost of \$75.43. Both cards have the City seal included on the card. Dr. Ofunniyin's card also includes the phrase "An Equal Opportunity Employer," and his address is listed at 80 Broad Street. The Control form lists the description as 500 Business Cards for Sandy and Ofunniyin.

02/06/18 \$1,000.00
Nwokike, Barbara R. ck 383183
This invoice was for a total of \$6,600 (\$1,000 covered by the City) for catering for Lonnie Hamilton's 90th Birthday Celebration. The CFO questioned whether this was an appropriate use of City funds and obtained Legal's opinion. The original invitation stated "The Family and Friends of Lonnie Hamilton III request the pleasure of your company at his 90th birthday celebration," and all RSVP's should be sent to Robin Griffith to her City email address. Invitations were later changed to "Mayor John J. Tecklenburg & the City of Charleston look forward to seeing you at the 90th birthday celebration for Lonnie

Hamilton III honoring a lifetime of public service.” Lastly, the City Gallery’s standard \$1,000 daily rental fee was waived for this event.

06/12/18 \$162.63
Nelson Printing MH P-Card
This invoice indicates it is for 500 2-sided business cards – Front Sandy Tecklenburg – Back – John Tecklenburg. These cards now include the phrase “An Equal Opportunity Employer.” The Control form lists the description as 500 Business Cards for Sandy Tecklenburg.

11/13/18 \$10,667.97
Charleston Area Convention and Visitors Bureau ck 393028
This invoice was for the Norfolk Southern/Heidi Todd Hero’s Reception. The total cost included a reception at the Hyatt House for \$3,996.33 as well as travel and lodging for several attendees; the remaining charges covered travel expenses for the Hero’s that attended.

04/24/19 \$162.63
Nelson Printing MH P-Card
This invoice indicates it is for 500 2-sided business cards – Front Sandy Tecklenburg – Back – John Tecklenburg. The invoice states this order was placed by Mrs. Tecklenburg and has her phone number as a contact.

The Mayor wrote a personal check for \$41.88 on 05/14/19 to cover the print cost for the 2nd side of cards. He also received a check from William L. Runyon, Jr, Attorney at Law in the amount of \$22.00 to cover the past business card printing in controversy and another order of business cards for Ms. Tecklenburg alone. Both checks have been given to Finance to be deposited.

The charges listed below are other questioned costs given the facts and circumstances of the charges that were incurred, in date order:

06/16/16 \$44.00
Tecklenburg, John ck 357796
The Mayor submitted a travel reimbursement for a trip to Oklahoma City, OK and Phoenix/Scottsdale, AZ from 05/18/16 through 05/23/16. The documentation included stated the Mayor had no City-related meetings on May 22nd and was not seeking reimbursement. The reimbursement calculation by Finance

inadvertently included this date on the per diem reimbursement, resulting in overpayment of \$44.00. This overpayment was discovered during this audit, and no requests have been made for reimbursement.

FINDING 19-005 - #2

Observations

The Mayor’s Office Staff have charged travel for non-City personnel to the City’s credit card. The following charges were placed on the City’s card and have all been reimbursed, with the exception of the France trip which has only been partially reimbursed by Flers, France:

Chg. Date	Description	Cost	Deposit Date	# Days
12/15/15	Mrs. T. – Washington DC	\$ 117.98	01/25/16	41
01/08/16	Mrs. T. – Washington DC Addtl	\$ 183.62	01/25/16	17
06/10/16	Mrs. T. – Indianapolis IN	\$ 578.20	07/07/16	27
08/10/16	Mrs. T. MASC Admission	\$ 82.00	08/08/16	-2
08/19/17	Mrs. T. – Mobile, AL *	\$ 192.24	03/21/18	214
		\$ 712.36	03/30/18	223
11/18/17	John Henry – London	\$ 1,030.23	12/28/17	40
01/10/18	Mrs. T. – Washington DC	\$ 260.60	03/06/18	55
05/03/18	Mrs. T. – Boston MA	\$ 327.40	07/24/18	82
09/26/18	Lonnie Hamilton – France **	\$ 2,047.81	06/25/19	272
09/26/18	Marie Arnod – France **	\$ 2,047.81	06/25/19	272

* - Partially reimbursed by the Navy, the remainder was taken as a payroll deduction from the Mayor’s paycheck

** - Flers, France Government partially reimbursed \$3,823.25

Typically checks are deposited within 1 day of receipt at Finance, however there could be instances where a check was held longer. The check for the London reimbursement was dated within 1 day of the actual charge. It is not clear if the check was held at Finance or the Mayor’s Office.

The following charges were incurred by the City for non-City personnel and have not yet been reimbursed:

01/20/16 \$214.10
 American Express ck 353849
 This charge included a round trip plane ticket for Mrs. Tecklenburg to Washington, DC for travel 01/20/16-01/23/16. The original charge

for this invoice was \$117.98 on 12/15/15, then there was an additional charge of \$183.62 on 01/08/16 for a change fee and additional airfare. These two amounts were reimbursed. However, there was another charge posted on 01/20/16 for extra space seats and additional airfare for \$214.10. The 3rd charge on this trip was inadvertently charged to former Mayor Riley's personal American Express card. In paying back Mayor Riley's credit card, the charge was posted to Mayor's Office travel rather than Due From Third Party and therefore, was inadvertently omitted from reimbursement requests.

12/05/18 \$234.40
American Express ck 394364
This charge includes a round trip plane ticket for Mrs. Tecklenburg to Washington, DC for travel 01/23/18-01/26/18 to attend the US Conference of Mayors.

The Mayor has provided the City with personal checks to cover both the \$214.10 and \$234.40 charges. These reimbursements were both paid after questioning the Mayor about these charges on Friday July 12, 2019.

09/26/18 \$272.37
American Express ck 392260
This charge includes round trip plane tickets to France for Lonnie Hamilton and Marie Arnod for \$2,047.81 per ticket. This expense should have been reimbursed from Flers, France. We have received reimbursement for \$3,823.25 in June 2018, but the remainder is still outstanding. Finance has been in communication with the Mayor's Office staff to resolve this balance with Flers, France.

Recommendations

The City should only incur travel costs for City personnel and should discontinue the practice of paying for non-City travel staff and receiving reimbursement later. The City has waited up to 272+ days for reimbursement and has unnecessary recordkeeping involved in maintaining accounts receivable records. In addition, if there are arrangements with outside organizations or persons to fund travel, we recommend they book the travel themselves rather than the City incurring the charge and later seeking reimbursement.

FINDING 19-005 - #3

Observations

The Mayor increased the following Community Assistance Awards beyond the staff committee recommendations. Mrs. Tecklenburg is on the board of one these organizations and on the advisory council of the other:

Fresh Start Prison Program

The Staff Committee recommended an award of \$10,000 in 2017. The Mayor increased this to \$20,000, but was later cut to \$17,500 by Council to balance the budget. There was an email from Mrs. Tecklenburg to the Mayor forwarding an email from the Board Treasurer to board members discussing approval for grant funding from the City of Charleston indicating this money would “arrive in a matter of weeks to help us with our cash-flow.” Mrs. Tecklenburg thanked the Mayor for the award.

The Staff Committee recommended an award of \$15,000 in 2018, it appears the Mayor increased this to \$17,500, though the physical document was not obtained, but was later cut to \$15,300 by Council to balance the budget.

The Organization’s Governance Body submitted with their application lists Mrs. Tecklenburg as a Board of Director in 2017, 2018 and 2019.

Charleston Sister Cities International

The Staff Committee recommended an award of \$0 in 2018, the Mayor increased this to \$10,000, but was later reduced to \$8,760 by Council to balance the budget.

The Organization’s Governance Body submitted with their application lists Mayor John Tecklenburg as “Honorary Chair of the Board” and Mrs. Tecklenburg is listed on the Advisory Council with their application in 2018.

Recommendation

The Mayor should recuse himself from making any changes to grant awards for all organizations which him and/or his family is on the Board of Directors.

FINDING 19-005 - #4

Observations

The Mayor has allowed Mrs. Tecklenburg to drive his take-home vehicle. We have reviewed our insurance policy and determined that the City is covered for anyone who we authorize to use the vehicle. Since Mrs. Tecklenburg was authorized to use the vehicle, the City was covered under insurance. When questioned, the Mayor initially indicated Mrs. Tecklenburg has never driven the car without the Mayor in the vehicle, but later stated he “could not swear up and down she has never been in the vehicle alone.” He further stated he has had her drive rather than having a sworn officer drive him around or pay an employee overtime to drive the car.

This is in violation of our Internal Take-Home Vehicle Policy No. C-BF 2.4 Section 3(a) – Authorized Use of Vehicle, which states, “City vehicles can be operated only by authorized personnel.”

In addition, the Mayor has not signed our take-home vehicle authorization form, which initiates payroll deductions to cover the personal use of the vehicle. When questioned, the Mayor said he was not aware of the take home vehicle form but would happy to sign it if putting in front of him. Since he was hired, the Mayor should have had \$2,700 in payroll deductions through his paycheck to date.

Recommendation

The City should either change the policy to allow non-employees to use the vehicle or the Mayor should be provided with another driver so he has the opportunity to work en route to and from appointments.

In addition, the Mayor should complete our take-home vehicle form and set up payment arrangements for the amounts previously not collected.

FINDING 19-005 - #5

Observations

The charges listed below did not follow Section IV-Procedures, A. Bidding Requirements of the internal Citywide Procurement Procedures in City of Charleston Policy No. C-BF 4.2:

Lewis Walton, LLC \$9,000.00

The City entered into an agreement on January 25, 2016 with Lewis Walton, LLC to implement a cloud-based platform to simplify the entire process of managing Board and Commission appointments. The City did not obtain 3 written bids for this work, as prescribed in our procurement policies.

Chernoff Newman, LLC \$38,000.00

The City entered into an agreement in 2016 with Chernoff Newman, LLC for an "Innovation Plan and Execution." The total cost of the proposal was originally \$45,000, but the amount was crossed out and hand written down to \$38,000. There is no information regarding who made the change or the circumstances that were involved. The City did not issue an RFP for this work, as prescribed in our procurement policies.

The Gullah Society, Inc. \$25,000.00

The City entered into an agreement with the The Gullah Society, Inc. for the reinterment project at the Gaillard Center, develop educational programs, and develop a community engagement program. The City did not issue an RFP for this work, as prescribed in our procurement policies.

Internal Audit did note that these were in compliance with the Procurement Ordinance adopted by Council adopted February 12, 2013, which sets the threshold at \$50,000 for professional services.

Recommendations

The Mayor's Office staff should review the City's procurement policy and ensure all purchases are in compliance. City staff should ensure phone quotes, written quotes, or bids are issued as required by the spending thresholds specifically stated in Section IV-Procedures.

In addition, the Citywide Procurement Policies is not in alignment with the Procurement Ordinance. These should both be reviewed so

there is one governing policy as to not cause confusion. The ordinance does not indicate bidding requirements and dollar thresholds included in the Internal Policy for professional services. In reviewing these policies, dollar limit thresholds should also be reviewed.

FINDING 19-005 - #6

Observations

The Mayor requested that Mrs. Tecklenburg be provided access to his calendar and asked the best way to achieve this. Mrs. Tecklenburg was provided a City laptop that was already on hand in April 2016. In addition, a user name and password were provided to log into the City's network. She kept the laptop for approximately 1 month but turned it in as she had issues with connecting to the network via VPN. The laptop also had a Verizon Wireless air card at a cost of \$38.00 per month. The City paid for one month of service for the time period she had the laptop. No additional costs were incurred except for the air card expense.

Recommendations

City assets should be reserved for only City employees or elected officials and should not be issued to external individuals.

FINDING 19-005 - #7

Observations

The City issued RFP# 17-P034R for Customer Service Electronic Mail, Messenger & Text Software on August 11, 2017. Proposals were due by September 7, 2017. They scored the proposals received as follows: PayIt (419); CitiBot (333); and Software Verdae (175).

The total 3-year cost for each was as follows: PayIt (\$277,250); CitiBot (\$54,000); and Software Verde (\$362,750).

The scoring sheets had cost weighted at 10% of the total score. On October 9, 2017, the City issued an Intent to Award to PayIt, LLC. On May 22, 2018, Rick Jerue sent an email to procurement stating, "The Mayor would like to cancel this RFP, the Customer Service Email,

Messenger and Text RFP. Thanks. Call me if you have any questions.” The City officially issued a Statement of Cancellation on June 1, 2018. Based on interviews with City personnel, the reason for the cancellation was based on budget.

Approximately 4.5 months later, the City issued RFP #18P044C for Text Messaging Software on October 19, 2018. Proposals were due by November 26, 2018. The two RFP’s were substantially the same, however the following changes were made: cost was added as criteria and the 2018 RFP indicated cost shall not exceed \$50,000 annually. Lastly, #13-“Code base for the customer service and workflow management software system to be cloud based in JavaScript, and in particular, NodeJS” was removed from the 2018 Scope of work.

The 2018 selection committee scored the proposals received as follows: CitiBot (517); Good Egg Media DBA Agent 511 (429); DiRad Technologies, Inc (378); and City Insight (366).

The total 3-year cost for each was as follows: CitiBot (\$71,700); Good Egg Media DBA Agent 511 (\$146,580); DiRad Technologies, Inc (\$122,916); City Insight (\$95,000).

The scoring sheets had cost weighted at 20% of the total score. On February 21, 2019, the City issued an Intent to Award to CitiBot.

In addition to the above RFP process, there were several communications between the City and CitiBot prior to the first RFP as evidenced on invoices from Roy Willey. The following charges were listed on Mr. Willey’s invoices:

Mr. Willey invoiced the City for the following items: CitiBot software meeting, meeting with CitiBot personnel, correspondence with CitiBot personnel, reviewing CitiBot materials and legal issues, and reviewing CitiBot draft proposal and response. The total paid to Mr. Willey in relation to CitiBot matters was \$1,670 over the months of May – December 2016.

Recommendation

City staff should use caution when meeting with and/or accepting documents from potential vendors prior to issuing RFP’s for goods and services to ensure there is a fair and competitive bidding process. The City should also not accept draft proposals prior to issuing an RFP

for a project. If there is a need to cancel an RFP, we should do so in a timely manner and have documentation including a detailed justification for the cancellation.

The findings listed below (#8 - #17) relate to the Mayor's Office as a whole; the Mayor was likely not involved in the specific details relating to the following findings.

FINDING 19-005 - #8

Observations

During an examination of P-Card transactions, Internal Audit noted 5 of 276 (1.8%) charges where no control form was completed for charges on the P-Card.

Recommendations

All purchase card transactions should have a completed control form attached to the receipt.

FINDING 19-005 - #9

Observations

During an examination of P-Card transactions, Internal Audit noted 220 of 276 (79.7%) charges where the control form was not approved by Division management.

Recommendations

All purchase card transactions should have a completed control form with the approval of the Mayor or one of his Senior Advisors.

FINDING 19-005 - #10

Observations

During an examination of P-Card transactions, Internal Audit noted 7 of 276 (2.5%) charges where no receipt was on file for charges on the P-Card. There was 1 missing receipt where Rick Jerue signed off on

the statement including this charge on 10/4/17 (presumably without the receipt). There is a memo dated 7/19/18 from Rick Jerue to Mary McCracken to explain there is no paperwork for this transaction and the cardholder is no longer with the City, so we have no access to her Amazon account to get a copy of the receipt.

Recommendations

All purchase card transactions should have an original detailed receipt to substantiate the purchase.

FINDING 19-005 - #11

Observations

During an examination of cash disbursements, Internal Audit noted 8 of 286 (2.8%) invoices where the invoice was not approved by the Mayor's office. Of the 8 instances, 2 instances were for the Mayor's travel where he approved his own travel; there were another 3 instances where a staff member signed for the Mayor or one of his advisors; and 1 instance where a staff member signed off on their own expense reimbursement.

Recommendations

All direct pay invoices should have the approval of Division management before payment is completed.

FINDING 19-005 - #12

Observations

During an examination of cash disbursements, Internal Audit noted 2 of 286 (0.6%) invoices where the invoice was not approved by the CFO or Deputy CFO. 1 of the 2 instances herein was in regards to the Lonnie Hamilton Birthday Party mentioned in Finding #1 which the CFO deferred approval to the Mayor.

Recommendations

All direct pay invoices should have the approval of either the CFO or Deputy CFO before payment is completed.

FINDING 19-005 - #13

Observations

During an examination of cash disbursements, Internal Audit noted 21 of 286 (7.3%) invoices where the invoice was for the purchase of a meal and did not include at least 1 of the following: a detailed receipt, list of attendees, or brief summary of business discussed. There is documentation stating Finance educated the Mayor's office regarding the need for detailed receipts as early as August 2016, but they continued to submit reimbursement for receipts without detailed receipts (only credit card receipts).

Recommendations

All meal purchases should include a detailed receipt (list of all items purchased rather than credit card slip), list of attendees, and a brief summary of business discussed.

FINDING 19-005 - #14

Observations

During an examination of cash disbursements, Internal Audit noted 51 of 286 (17.8%) invoices where the invoice was not paid within 30 days. Of the 51 instances, 45 were not submitted by the division in a timely basis, 5 were not paid within a timely basis after receipt in Finance, and the last 1 was attributable to both the Division and Finance each holding the check in excess of 30 days prior to payment.

Recommendations

All invoices should be submitted to Finance in a timely fashion so they can be paid within 30 days.

FINDING 19-005 - #15

Observations

During an examination of cash disbursements, Internal Audit noted 19 of 27 (70.4%) travel reimbursements where the Travel Authorization Form (TA-1) was not completed two weeks prior to

travel. There is a notation on Mr. Martin's 6/1/16 travel reimbursement that our CFO educated Mr. Martin regarding our travel policy. There were another 10 instances by Mr. Martin after this education.

Recommendations

All travel for the City should be properly authorized on Form TA-1 two weeks prior to commencement of travel in accordance with the City's Travel Policy and Procedures No. C-BF2.1.

FINDING 19-005 - #16

Observations

During an examination of cash disbursements, Internal Audit noted 8 of 27 (29.6%) travel reimbursements where the Travel Expense Recap (TA-2) was not completed within 15 days after returning from a trip.

Recommendations

All reimbursements for travel for the City should be submitted to Finance on Form TA-2 within five working days of return from travel, but in no case more than fifteen working days after return in accordance with the City's Travel Policy and Procedures No. C-BF2.1.

FINDING 19-005 - #17

Observations

During an examination of cash disbursements, Internal Audit noted 41 of 286 (14.3%) disbursements where the expense was charged to the wrong general ledger account - 39 of the 41 transactions were purchased on a P-Card and not changed by the P-Card manager.

Recommendations

All expenditures should be posted to the most appropriate general ledger account. Some of these categories are currently not budgeted in the Mayor's Office Division. If these expenses will continue, these should be properly budgeted. The P-Card manager should also be

further educated to ensure P-card purchases are re-classed as necessary.

The observations listed below are in response to specific questions and/or concerns raised by members of Council and are provided for clarification only. They are not violations of City Policy.

OBSERVATION 19-005 - #1

Observations

We have reviewed all personnel changes in the Mayor's Office from January 2016 to date. There have been a handful of positions eliminated and others created, but the overall salaries have been under budget. There were, however, three raises given that were outside the year-end approved cost of living and pay plan adjustments. The following employees received raises:

Rick Jerue, Senior Advisor to the Mayor, was given a raise on August 11, 2018 where his pay increased to \$120,000 from \$105,060.02 (14.22%). The Personnel Action (PAN) Form indicated the reason for the increase as "pay adjustment" and was approved by Mayor Tecklenburg. This increase was provided when Josh Martin left. Mr. Jerue inherently took on additional duties and responsibilities when Mr. Martin left.

Michael Whack, Special Assistant-Quality of Life, was given a raise on February 10, 2018 where his pay increased to \$71,703.01 from \$68,289 (5.00%). The PAN Form indicated the reason for the increase as "reorganization of Mayor's Office. Shifting of some duties, regarding of two positions" and was approved by Rick Jerue. The Mayor indicated Mr. Whack took on additional managerial roles at the time of this increase.

Edward D Jones, Specialist-Community Resources, was given a raise on April 22, 2017 where his pay increased to \$13,977.60 from \$12,729.60 (9.80%). The PAN Form indicated the reason for the increase as "transferring from a temp employee to a part time employee" and was

approved by Gregory Mullen. The Mayor indicated this increase was due to the nature of converting from a temporary employee to a part-time employee.

Recommendations

All raises outside of the standard cost of living increases should be well documented on the PAN Form to include the additional duties or specific change in role that warrants the additional salary and/or supported by a desk review.

OBSERVATION 19-005 - #2

Observations

The Mayor, within his authority as Chief Administrative Officer of the City, hired several individuals at the City that worked on his campaign. The following new positions were created for individuals that worked on his campaign:

Edward Jones Specialist – Community Resources
Dexter O’Connell..... Administrative Assistant

The following individuals worked on his campaign and were hired to replace employees in current City positions:

Jack O’Toole Director of Communications
Robin Griffith Administrative Assistant – Executive

OTHER RECOMMENDATIONS

This audit has identified issues we have in current policies and procedures. We are recommending the City consider implementing or enhancing the following policies and procedures that would apply City-wide:

Meals & Entertainment – The City currently has no guidelines on spending money for meals and/or entertainment. We recommend, at a minimum, each meal should include a description of business discussed and those in attendance. The City should also consider

setting a limit for meals as well as when it is appropriate to spend money on meals, outside of travel.

Travel – The City’s travel policy dates back to 01/11/2008 and can be, at times, cumbersome to adhere to in terms of advance for travel. The City should consider a means where there is a fast-track expense reimbursement for those who do not seek an advance prior to the travel. In any regard, all travel should be approved prior to travel.

Use of City Seal – The City should set policies to identify how and where it is appropriate to use the City Seal for City purposes.

Code of Conduct & Guidelines for Elected Officials – The City should consider implementing this policy to run in conjunction with the Rules of Conduct under the S.C. State Ethics Commission to further indicate expectations for the City’s elected officials in light of findings presented in this audit. This may include guidelines relating to the use of the City vehicle, gift giving, and entertainment. We also recommend creating a Transition Manual for newly elected officials to help understand City policies and procedures.

Internal Audit Reporting Structure – The City should consider changing the reporting structure for Internal Audit. There is precedent in other Cities (outside South Carolina) for an appointed Director of Internal Audit that reports to Council rather than the Mayor. This would alleviate all independence issues and provide Internal Audit with 100% independence from all City departments and divisions. Given the nature of an audit of this nature, there are potentially some independence issues. In light of this, we have been cognizant of this potential issue and have given every effort to present an objective report.