



# *City of Norfolk*

## *Office of the City Auditor*

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*Audit of Storm Water Utility Fund Expenditures*

*Report Date: September 29, 2020*

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**Tammie Dantzler, CFE, MBA, City Auditor**

**Report No. 21-01**



*City of Norfolk Office of the City Auditor  
Audit of Storm Water Utility Fund Expenditures*

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Honorable Dr. Kenneth Alexander and Members of the Norfolk City Council:

I am pleased to present the audit report of Storm Water Utility Fund expenditures.

We noted several opportunities for improvements and discussed our findings with management and staff. Included herein are recommendations to assist management and management's responses to those recommendations.

We would like to thank the management and staff of Public Works, Storm Water Operations, the Office of Budget and Strategic Planning, the Virginia Department of Health, and the Department of Finance for their cooperation and responsiveness to requests during the audit.

If you have any questions, I can be reached at 664-4044 or via email at [tammie.dantzler@norfolk.gov](mailto:tammie.dantzler@norfolk.gov).

Respectfully submitted,

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# Storm Water Utility Fund

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## BACKGROUND

**Storm Water defined per Environmental Protection Agency (EPA):** Stormwater is rainwater or melted snow that runs off streets, lawns and other sites replenishing aquifers and flowing into streams and rivers. Climate change, causing more frequent and intense storms and an increase in extreme flooding events, can increase stormwater runoff introducing new pollution problems. Overwhelmed stormwater management systems can lead to backups causing localized flooding leading to runoff of contaminants such as trash, nutrients, sediment or bacteria into local waterways<sup>1</sup> diminishing water quality, threatening drinking water sources, and complicating water treatment processes. The EPA works with local, state and tribal governments to improve water quality by supporting stormwater management practices.

**Storm Water System:** The Storm Water system is defined in the Code of the City of Norfolk (City Code) Chapter 14.5 - Sec. 14.5-3. - Definitions. *Stormwater system:* All man-made facilities, structures, and natural watercourses used for collecting and conveying stormwater to, through, and from drainage areas to the points of final outlet, including, but not limited to, streets, curbs and gutters, inlets, conduits and appurtenant features, canals, creeks, channels, catch basins, ditches, drains, sewers, streams, gulches, gullies, flumes, culverts, siphons, retention or detention basins, dams, floodwalls, levees, pumping stations, and wetlands.

**Virginia Department of Environmental Quality (DEQ)** is the lead agency for developing and implementing statewide stormwater management and nonpoint source pollution control programs to protect the Commonwealth's water quality and quantity. DEQ issues permits for control stormwater discharges from municipal separate storm sewer systems (MS4s) and construction activities. Programs are administered in accordance with Virginia Stormwater Management Program (VSMP) Regulations.

**Funding:** The City uses its Storm Water Utility Fund to account for the operation of the environmental storm water management system, including maintenance of storm water drainage facilities. The costs of providing services on a continuing basis are partially financed or recovered through Norfolk residential, commercial and industrial customer user charges. These funding sources as well as external financing are used for funding storm water capital projects included in the City's Capital Improvement Plan (CIP).

For FY2020 the City used a daily rate of \$0.402/day to calculate storm water fees.

**Norfolk City Code:** The City Code Chapter 41.1 – Stormwater Management, Article II – Stormwater Management Fees, Sec 41.1-21 is summarized:

The Federal Clean Water Act requires the City to implement a stormwater management program. The State Code of Virginia authorizes the City to construct, reconstruct, improve and extend a stormwater utility system, and to issue revenue bonds and establish equitable rates to finance the cost. It is essential the City provide for effective management and financing to mitigate the

<sup>1</sup> Norfolk Public Health-Vector Control functions to limit or eradicate conditions which cause diseases



damaging effects of stormwater runoff on the environment, by providing for the safe and efficient capture and conveyance of stormwater runoff, improvement of water quality and the correction of stormwater problems. Stormwater runoff is associated with all developed properties in the city; residential and nonresidential. The volume of stormwater runoff is determined by the amount of impervious surface<sup>2</sup> on each property.

**FY2020 update:** Environmental Storm Water fees are based on the impervious area<sup>2</sup> of property. Each 2,000 square feet of impervious area is equal to one Equivalent Residential Unit (ERU). To align with other localities in the Hampton Roads region, the FY2020 non-residential rate per ERU was adjusted to equal the residential ERU rate. Also, in the same year, the Storm Water Utility fund was reclassified from a Special Revenue to an Enterprise Fund. Enterprise fund functions are presented similarly to a business in the government-wide financial statements. Management indicated accounting for the Storm Water Utility fund as an Enterprise fund will allow Storm Water to issue its own debt (*for funding Capital Improvement Projects -CIP*).

**Criteria for review:** We determined compliance with City Code, Chapter 41.1 Stormwater Management, Sec 41.1-24 which states – Stormwater utility fund: a stormwater utility fund shall be established for the deposit of all stormwater fees collected. The fund will be *used exclusively* to provide services and facilities related to the stormwater management system, and used for the following expenditures:

1. Operation, maintenance, and repair of the stormwater system;
2. Costs for the evaluation, design, construction management, and construction of major and minor structural replacements, improvements, and extensions of the stormwater system;
3. Administrative and overhead costs related to the management of the stormwater system;
4. Management services, such as permit review and planning, and development review related to the stormwater system;
5. Debt service financing of capital projects related to the stormwater system; and,
6. Establishment of reasonable operating and capital reserves to meet unanticipated or emergency requirements of the utility system.

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<sup>2</sup> Impervious surface area: Surfaces on or in a lot or parcel of property which substantially reduce the rate of infiltration of stormwater into the earth.



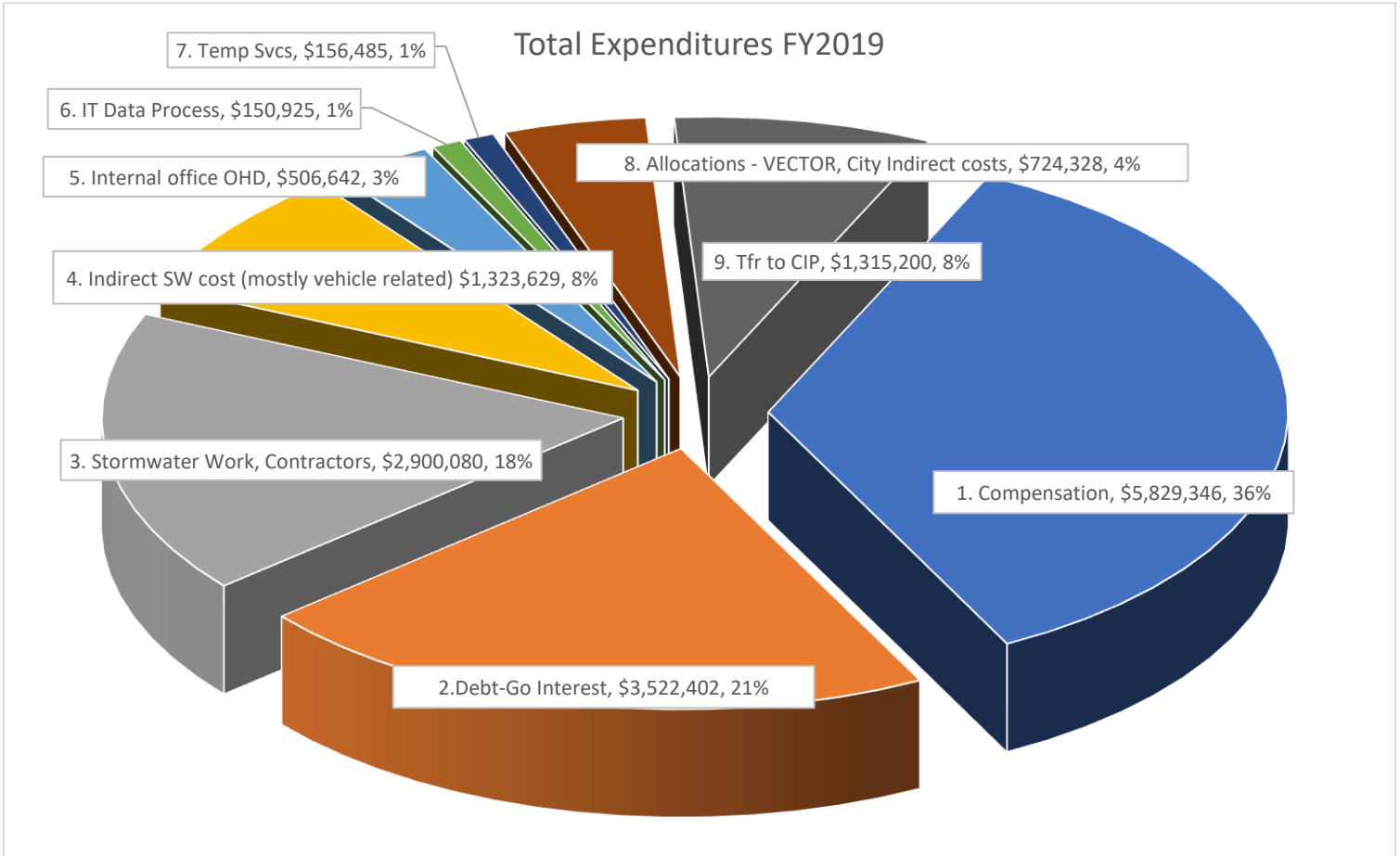
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**FY2019, the Consolidated Annual Financial Report** (CAFR lists audited revenues and expenditures for Storm Water Utility fund):

Schedule of Revenues and Expenditures Budget to Actual FY2019 Per CAFR	Budget	Actual Budgetary Basis	Positive (Negative) Variance
<b><i>Revenues:</i></b>		<i>Available for appropriations</i>	
Use of money and property	\$ 565	\$ 15,443	\$ 14,878
Charges for services	16,532,729	16,877,790	345,061
Miscellaneous	45,000	109,922	64,922
Intergovernmental- Federal	-	79,256	79,256
<b>Total Revenue</b>	<b>\$16,578,294</b>	<b>\$17,082,411</b>	<b>\$504,117</b>
<b><i>Expenditures and Transfers:</i></b>		<i>Charges to appropriations</i>	
Public Works - Storm Water expenditures	\$11,819,947	\$11,591,436	\$228,511
Transfers Out ( <i>CIP, Debt Service</i> )	4,758,347	4,837,602	(79,255)
<b>Total Expenditures and Transfers</b>	<b>\$16,578,294</b>	<b>\$16,429,038</b>	<b>\$149,256</b>



**FY2019 expenditures:**



Expenditure/ TFR Out	Totals
<b>1. Compensation</b>	<b>\$5,829,346</b>
<b>2. Debt-Go Interest</b>	<b>\$3,522,402</b>
<b>3. Stormwater Work, Contractors</b>	<b>\$2,900,080</b>
<b>4. Indirect SW costs – (mostly vehicle related)</b>	<b>\$1,323,629</b>
<b>5. Internal office OHD</b>	<b>\$506,642</b>
<b>6. IT Data Process(ing)</b>	<b>\$150,925</b>
<b>7. Temp Services</b>	<b>\$156,485</b>
<b>8. Allocations - VECTOR, City Indirect costs</b>	<b>\$724,328</b>
<b>9. Transfer to CIP</b>	<b>\$1,315,200</b>
<b>Grand Total</b>	<b>\$16,429,037<sup>3</sup></b>

<sup>3</sup> \$1 difference from CAFR is due to rounding



**Debt-General Obligation (GO) Interest** totaled \$3.5M and 21% of the Storm Water Utility Fund’s total expenditures. The Department of Finance handles the accounting for bonds and maintains an accounting of bonds authorized per ordinance and bond proceeds utilized for Storm Water activity.

**Virginia Department of Health - Vector Control allocation:** Storm Water allocated funds of \$405,369 to the Department of Health for Vector Control<sup>4</sup>. Of this amount, \$168,855 related to the Commonwealth of Virginia’s agreement with the City’s Department of Public Health. However, the Commonwealth’s agreement does not specify purpose and/or use of these funds. Virginia Department of Health (VDH) personnel indicated no changes could be made to the agreement to describe the use of these funds.

**Contract work:** As noted above, stormwater contract work totaled approximately \$2.9M and comprised 18% of Fund 2300 - Storm Water Utility expenditures. In addition to the Storm Water Utility fund, contract funding included shared expenditures between the Utility Fund, Storm Water Capital Projects and Special Revenue funds to pay several of the same contractors.

The following table lists the top paid contractors along with funding sources. The Storm Water Utility fund expended \$2M while the total paid to the contractors for Storm Water work was approximately \$10M. Many contracts reviewed were “Indefinite Delivery Indefinite Quantity contracts (IDIQ)<sup>5</sup>” with several contractors having long-standing relationships with the City.

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<sup>4</sup> Vector Control defined as preventing the conditions for organisms, which transmit disease pathogens, to thrive and cause harm to the public

<sup>5</sup> IDIQs provide for an indefinite quantity of supplies/ services during a fixed period, help streamline the contract process and speed service delivery, but risk from the contactor’s side is the obligation to provide an unknown amount (within limits) for the duration of the contract.





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#	Contractor	Contract amount (PRC)	4000 Capital Projects Fund	2275 Special Revenue Fund	2300 Storm Water Utility Fund
1	CAROLINA MARINE STRUCTURES	\$1,702,809	\$403,773	\$1,259,873	\$39,163
2	EAST WEST CONSTRUCTION INC	\$1,470,851	\$1,038,307	\$316,000	\$116,544
3	COASTAL DESIGN & CONSTRUCTION INC	\$1,086,335	\$523,259	\$133,959	\$429,117
4	SARGENT CORPORATION	\$1,062,545	\$1,062,545	\$0	\$0
5	JCB CONSTRUCTION CO., INC.	\$989,202	\$378,308		\$610,894
6	SEAWARD MARINE CORPORATION	\$976,234	\$976,234		
7	ENVIRONMENTAL QUALITY RESOURCES, LLC	\$927,025	\$358,186	\$566,160	\$2,680
8	T A SHEETS MECHANICAL	\$722,380	\$722,380		
9	TRI-STATE UTILITIES INC	\$555,206	\$12,900		\$542,306
10	HAZEN AND SAWYER, PC	\$232,701	\$96,574		\$136,127
11	WHITMAN REQUARDT & ASSOCIATES	\$229,617	\$111,641		\$117,976
<b>Total</b>		<b>\$9,954,906</b>	<b>\$5,684,107</b>	<b>\$2,275,992</b>	<b>\$1,994,807</b>

While an in-depth review of contract work was outside the scope of this review, given the magnitude of funding and risk inherent in contracts<sup>6</sup>, management provided Standard Operating Procedures (SOPs) and described assurances for adequate oversight for contract work.

<sup>6</sup> Inherent contract risks are uncertainties to be expected, but not precisely known, such as: change orders, project management issues, billing errors, schedule delays, etc....



## OBJECTIVE

The focus of the audit was to determine if Storm Water Utility Fund expenditures complied with City Code and to provide helpful suggestions to management.

## SCOPE

Scope of review: FY2019 expenditures for Fund 2300 Storm Water Utility Fund.

## METHODOLOGY

To accomplish our objective, we compared the City's financial management system (AFMS) reports to the FY2019 Comprehensive Annual Financial Report CAFR to ensure expenditure data reviewed was all-inclusive. We reviewed expenditures related to contractual services, overhead, debt service, other cost allocations, and personnel costs (including temporary services). We also compared budget and actual expenditure reports to determine consistency of reporting financial system information.

## GOVERNMENTAL AUDITING STANDARDS

We relied on the data generated from the City's Advantage Financial Management System (AFMS) when conducting this audit. We assessed the level of risk as low, as the system has security, restricted access controls, and the City's financial system is audited annually. For the FY2019 audit, the independent auditor's opinion stated the financial statements present fairly the financial position of the City of Norfolk.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## FINDINGS AND RECOMMENDATIONS

Based on the methodology used to conduct the audit, we included areas of enhancements and recommendations below:

### **I. Storm Water Overhead Expenditures**

#### **A. Small Tools**

##### **Finding (a): Management did not maintain current inventory listings for small tools**

Inventory listings were not updated for small tool purchases under \$5,000. The most recent inventory listing for small tools and equipment was found to be 4/23/2012 and 11/15/2019 for tools issued to personnel. At the time of review, there were no specific departmental inventory policies and procedures in place referencing general City policies for items purchased under \$5,000. Inventory counts were not



periodically taken, and as a result, inventory listings were not up-to-date and accurate. By not having a current, ongoing inventory system in place, opportunity exists for unauthorized use and custody of City tools and equipment assets.

For FY2019, small tool expenditures totaled \$34,457; of which \$9,703 were for items paid with the purchasing-card and sampled for this review. In sampling expenditures for object code #5239, Small Tool items such as: (2) High Wheel Recycler Mowers-\$299/each, Weather Guard Steel Pack Rat Drawer-\$1,452.15, and Stihl Back Pack blower-\$319, were not found on inventory listings confirming lists were incomplete and/or from 2012.

**Recommendation (a):**

Although small tools expenditures totaled \$34,457 and 0.21% of total expenditures for FY2019, controls should be in place and documented to ensure accountability for non-disposable tools and equipment.

To assist management and ensure accountability for tool and equipment purchases, we recommend:

- a. Department specific procedures be developed and documented for the controls and issuance of tools and equipment such as: toolboxes, lawn mowers, and blowers, as well as, small tools such as wrenches, screwdrivers, lights etc., costing under \$5,000, to eliminate the potential of unnecessary additional purchases and potential theft.

**Management's Response:**

The Division of Environmental Storm Water Management underwent a reorganization and major change in management starting on July 1, 2019. Through this change, Division managers and supervisors have been in the process of developing a formalized SOP (Standard Operating Procedure) regarding a small tool inventory. The SOP outlining inventory procedures for small tools will be approved by the Storm Water Engineer by the end of fiscal year 2020.

The Division's Operations Manager is currently in the process of compiling and updating the inventories previously maintained by the individual supervisors. This inventory will be maintained in spreadsheets (motorized and small tool inventories) and reviewed and updated routinely, but at least annually.

- b. Create a "check-out" / "check-in" log for recording dates, times, locations and employees who have custody of the tools and equipment, noting when items are checked out and checked in.

**Management's Response:**

Concur - The Division currently has a check in/out procedure for motorized tools such as weed eaters, blowers, and chainsaws and spare hand tools such as shovels, brooms, and pitch forks are stored in assigned bays and maintained by the Equipment Operator IV (EOIV). These tools are issued or checked-out to the crews by the EOIV or a Supervisor based on the specific need of the crew. A log of the checked-out tools is maintained to include a tool description, Crew Leader's



name, date/time checked out, and date/time checked back in. The EOIV or Supervisor, with assistance from the Crew Leaders, ensures tools are maintained in their assigned storage area when not in use.

- c. Secure a location(s) for storing tools and equipment. Assign responsibility for issuing equipment to a supervising employee.

**Management’s Response:**

The process for identifying the issuance of tools to specific crews, as well as performing a physical inventory will be outlined in the SOP approved by the Storm Water Engineer. Comprehensive inventories for small tools will include storage location and responsible supervisor will be maintained by the Storm Water Operations Manager or his designee. The inventories include various hand tools and motorized tools (ex: blowers, trimmers, weed eaters, chain saws, etc.). These lists will be stored on the City’s network drive and will be reviewed and updated on a minimum of once per year or as small tools are purchased.

**Finding (b): Vague descriptions entered for credit card items in “Items Purchased” column of Charge Logs**

**Recommendation (b):**

Re-usable items such as lawnmowers, truck boxes, and tools should be listed individually by the cardholder on the Charge log along with cost of item. The Charge log will provide a snapshot (rather than scrolling through receipts) of items purchased to be included in small tool inventory.

**Management’s Response:**

Charge log vague due to limited space for data entry. Receipt and quotes provide details on items purchased.

**Finding (c): An automated system for maintaining and tracking small tool inventory was not used**

Inventory listings sent to us by management were WORD files and a PDF file with photos of equipment. Although not mandatory, automating inventory processes would provide an efficient method to: track employees who have tools, account for purchases, and provide ending inventory listings for small tools (to be compared with physical count) in order to help the department maintain compliance with city policy.

City Policy and Administrative Regulations, Chapter 3: Finance and Budget Administration-Fixed Asset Capitalization, II. Policy/ Procedure, C. Definitions and Procedures

**12. Non-Capital, Controllable Assets:** states, “Local custodians of City-owned property are encouraged to institute...reasonable measures of physical custody and internal controls...to properly maintain



accountability for City-owned property. Departments also have the option to elect to use AFMS to record and track those assets that are under the \$5,000 threshold as “memo assets.”

**13. Annual Inventory:** Annual inventories are required to be taken by all departments for assets under their control and used in their operations. This includes...and those controllable, non-capital assets maintained at the department level...”

**Recommendation (c):**

As stated in city policy, the current finance system has the capability of recording and tracking assets under \$5,000. Utilize this functionality as an inventory management tool to ensure proper accountability and adequate safeguard measures for small tools.

Management concurs that there is a functionality to record assets which are outside of the listed fixed assets, as well as the need to protect city assets. However, it was confirmed with the **Department of Finance at this point there is no way to confirm what assets in the financial system are memo in nature.**

Management also concurs with the city-wide Fixed Asset Policy, section C.12, which states,

*“The primary purpose of capitalization and recording fixed assets in the City’s AFMS is to ensure financial statements are accurately and fairly presented. There are more effective and efficient methods for departments to control specific types of tangible property that may have an expected economic useful service life of greater than one year, but a value or cost less than the \$5,000 asset capitalization threshold”*

It is management’s belief that it is not a common city practice to use the financial system as inventory control, and being an inefficient means of doing so, it is management’s preference, in accordance with aforementioned policy, to use the system described in the responses to recommendations “A”, “C” and “D” in this section.

**Estimated Implementation Date:**

The SOP outlining inventory procedures for small tools will be approved by the Storm Water Engineer by the end of fiscal year 2020.

**B. Trade discounts were not consistently taken to reduce bill**

Trade discounts offered by VA Utility Protection Services (VUPS) of 2%, if paid within 10 days, and 1% if paid within 20 days, were not consistently taken to reduce overall billing. We reviewed four invoices and noted three of the four totaling \$11,278.18 did not take advantage of the 1% or 2% discount which would have saved the City \$112.78 - \$225.56. We noted “Received” dates stamps on invoices were after



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due dates, and full invoice amounts paid as trade discounts were not taken. Although amounts may appear small, there is a high cost of funds to the City of not taking advantage of the trade discount of 36.87% – 37.23%, which is equivalent to borrowing funds at these interest rates. To quantify the cost in dollars is: VUPS total charges for the year:  $\$47,454.76 * 2\% = \underline{\$949.10}$  or  $1\% = \underline{\$474.55}$ , in potential discounts.

**Recommendation:**

Time delays between when invoices are received by operations and sent to administration for payment should be researched, to expedite the process, and take advantage of trade discounts. If possible, trade discounts should always be taken as there is a cost of not taking the discount, annualized at a rate of approximately 36.87% - 37.23%. In other words, it would be more cost-efficient and effective for the City to borrow funds at 5% and pay the discounted bill rather than effectively “borrowing funds” at 36.87% - 37.23% when payment is made after the discount period.

**Management’s Response:**

(b) Concur – This monthly invoice is currently being received by the Storm Water Division and is then forwarded to the Financial Management Division for payment processing. Public Works has reached out to VUPS to change the mailing address of this monthly invoice so it will be received directly by the Financial Management Division. Financial Management will be able to fast-track the payment approval process and expedite payment to take advantage of the early payment discount.

**Estimated Implementation Date:**

(b) Immediately upon address change in VUPS billing system.



## II. Cost Allocation Methodology

### **Finding: No current cost allocation method was used to determine “Tidal Ditch” - Vector Control, Telephone Chargebacks, and Charge-outs Data Processing expenditures**

We were unable to obtain support or an allocation method for the following:

- Object code #5391 Allocations, General/Indirect for Norfolk Department of Health Vector Control<sup>4</sup> expenditures referred to as “Tidal Ditch,” of \$405,369.
- Management stated, a cost allocation method had been developed, although there have been no changes for the following allocations since 2011 for Information Technology charges-
  - Object code #5317: Telephone charge-outs, \$12,960;
  - Object code #5299 Data processing monthly charges, \$81,900.

Actual costs had not been reviewed and compared to cost allocations to develop a reasonable cost allocation methodology to be used for budgetary purposes.

### **Recommendation:**

Develop and document a reasonable methodology for cost allocations using Prior Year actual expenditures as a base for Current Year allocation amounts.

### **Managements Response:**

Concur – On an annual basis, Public Works will work with the Departments of Budget & Strategic Planning and Public Health to ensure the allocation for the tidal ditch are appropriate storm water expenditures.

### **Estimated Implementation Date:**

The review of the allocation will occur during budget development.

## III. Compensation

### **Finding: An allocation method was not applied for charging employee time devoted to Storm Water work.**

Management stated Storm Water salaries are not allocated proportionately according to time spent performing Storm Water work; some employees have 100% of their salaries charged to Storm Water while others have 0% charged, it balances out. As a result, the Department may not be in compliance with City Code, Chapter 41.1 – Stormwater Management Sec 41.1-24. – Stormwater Utility Fund,” ... The fund will be used exclusively to provide services and facilities related to the stormwater management system.”



**Recommendation:**

At a minimum, for ensuring compliance with City Code, a methodology for estimating employee time devoted to Storm Water work should be created, documented, and maintained. The list can be used to support balancing 100% and 0% salary costs applied for Storm Water work.

**Management's Response:**

Concur –on an annual basis, management will review salaries to ensure payroll does not exceed the allocated costs.

**Estimated Implementation Date**

completed

## OBSERVATIONS

**Observation I.**

**Personnel did not have a uniform method for entering data details into the AFMS finance system for Dominion Power**

Personnel entering Dominion Power information into Finance System (AFMS) did not have a uniform method for posting account details to “Line Description.” As a result, inconsistencies with the data entered may cause difficulties when performing cost analysis for tracking and budgetary purposes.

Storm Water has many Dominion Power accounts (25-30 accounts associated with Storm Water and Pump Station locations) and 2-5 accounts with VA Utility Protection Services (VUPS). Storm Water Dominion Power account numbers are posted to the City’s finance system manually, and some entries inconsistent for analysis purposes.

For example, DE#6627923888 and 6627923888 refer to the same account where expenditures total \$31,723. To determine totals paid per account, the data requires sorting and totaling by the exact account number. When sorted, entries will appear to be different accounts and amounts, DE#6627923888, \$5,377 and 6627923888, \$26,346 rather than \$31,723 for the one account.

**Suggestion:** To determine the reasonableness of payments per Dominion Power account and comparison to budget, Management should establish a standardized method for posting account information into AFMS and include the method in written procedures.





**Management's Response:**

Concur – Public Works enters Dominion Energy invoices into AFMS by inputting the account number and invoice date in the invoice number field in a consistent format. This process eliminates potential for duplicate payments, and information can be easily sorted when running reports as to which invoice is being paid. Additionally, Public Works tracks all utility account payments outside of AFMS to determine reasonableness of the charges and to perform cost analyses for each utility account.

**Observation II.**

**Temporary services overtime was not easily identified in the AFMS system as overtime was included and posted with regular pay rather than posted separately**

Regular and overtime pay for Abacus temporary services were not consistently posted as separate entries and described as overtime in the accounting system's column "Line Description" to object code #5305 for management to clearly identify and monitor temporary services overtime. There is a risk of excessive temporary services overtime charged and not reviewed or known by management.

**Suggestion:**

Posting temporary services overtime as a separate entry and describing in "Line Description" will help Storm Water management identify and monitor temporary services overtime to ensure it is reasonable and necessary.

**Management's Response:**

Concur – staff will continue to enter and track separately regular vs overtime in AFMS. The division currently encumbers funding and processes payment for Abacus temporary employee services, regular and overtime, through the Advantage Financial Management System (AFMS) under object code 5305. Abacus regular time and overtime are required to be entered in to AFMS as separate commodity line items due to different rates being applied for hours worked. The description "Overtime" is identified in the commodity line within the AFMS system; whereas regular time is noted in the description with the employee's name.

On July 1, 2019, the Division of Environmental Storm Water Management underwent a structural reorganization, where administrative staff job responsibilities were shifted. The new AFMS administrative support staff member continued the process as previously noted above; however, modified the process slightly by adding a more detailed description for the corresponding accounting line as recommended by the Department's Financial Management Bureau.

For example: DO-35-01020004500



- Regular Time: Commodity Line 1 is described as “KR” and Accounting Line 1 in Line Description states “KR – Temp Laborer for Division.”
- Overtime: Commodity Line 5 is described as “Overtime” and Accounting Line 1 in Line Description states “Overtime – Temp Laborer for Division.”

Through the refinement of the Abacus accounting processes, the **new administrative staff found that, due to high turnover rates, utilizing individual employee names for each line item was inefficient**, caused confusion, and added no value to the process. Therefore, starting in January 2020, the Division began limiting the line items for commodity and accounting lines to regular time and overtime for each rate structure without the extended description of individual employee’s names. This revised process better allows management to administer temporary employee services on a more efficient basis. Signed time sheets and invoices attached in AFMS include individual employee information if required for future auditing purposes.

For example: DO-35-01020004557

- Regular Time: Commodity Line 1 is described as “General Laborer 1: Regular Rate” and Accounting Line 1 in Line Description states “General Laborer I: Regular Rate (\$12.80/hour)”
- Regular Time with Discounted Rate: Commodity Line 2 is described as “General Laborer 1: Recommended Rate” and Accounting Line 1 in Line Description states “General Laborer 1: Recommended Rate (\$12.30/hour)”
- Overtime: Commodity Line 3 is described as “General Laborer 1: Overtime” and Accounting Line 1 in Line Description states “General Laborer 1: Overtime.”

Each quarter, management reviews Abacus temporary employee needs, projects funding required to address those needs, and encumbers the necessary funding through the AFMS system. Prior to a temporary employee working, management ensures that funding has been encumbered and approved through the AFMS system. **If adequate funding is not available, Abacus and the employees are notified immediately that services will be suspended.**

Abacus temporary employee time, including overtime, is also monitored and managed closely by Division leadership outside the Advantage Financial Management System (AFMS). Abacus temporary employee time sheets are filled out daily by the Senior Utility Maintenance Supervisor or her designee. At the end of each week, the Senior Utility Maintenance Supervisor reviews and signs the time sheet that is submitted to Abacus through the division’s administrative support staff. The administrative support staff and management monitor the encumbrances weekly to ensure adequate funding is sustained. The time sheets are reviewed and approved by administrative support and management for payment processing.



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Abacus temporary employee overtime is limited and must be approved by the Storm Water Engineer or the Operations Manager prior to the overtime work commencing. This overtime is approved on a case-by-case basis to address a specific need of the organization and is limited by available funding.