

Internal Audit Division  
City of Greensboro



April 23, 2010

**TO:** Rashad Young, City Manager  
**FROM:** Internal Audit Division  
**SUBJECT:** Powell Bill Review

The Internal Audit Division has completed our review of The Powell Bill Expenditures for the 2008-2009 fiscal year. Attached you will find our review report; the departmental response and our replies to their responses. We feel that sufficient corrective actions have been implemented to our recommendations as we move forward. If you have any questions or need additional information, please let us know. Thanks.

A handwritten signature in black ink, appearing to read "Len Lucas", with a long horizontal line extending to the right.

Len Lucas  
Internal Audit Director

cc: Bob Morgan, Deputy City Manager  
Dale Wyrick, Director of Field Operations  
Marlene Druga, Deputy Finance Director – Financial Services



April 1, 2010

**TO:** Dale Wyrick, Director of Field Operations  
**FROM:** Internal Audit Division  
**SUBJECT:** Powell Bill Review for FY 2008-2009

The Internal Audit Division has conducted a review of the Powell Bill expenditures for fiscal year 2008-2009. Powell Bill funds are appropriated out of the State Highway Fund generated from a 1.75 cent tax on each gallon of motor fuel. Powell Bill funds must be used "only for the purpose of maintaining, repairing, construction, reconstructing, or widening of any street or public thoroughfare including bridges, drainage, curb and gutter, and other necessary appurtenances within the corporate limits of the municipality". This also includes planning, constructing, and maintaining bikeways in the right of way of public streets and highways.

Annually, the N.C. Department of Transportation allocates funds to eligible municipalities based on population and street mileage in the ratio of 75% to 25%, respectively. In addition, the municipality must certify street mileage as well as report actual expenditures yearly. The City of Greensboro received \$7,437,941.97 for fiscal year 2008-2009.

The objectives of our review were to:

- Ensure that the City is in compliance with the Powell Bill guidelines in that both the certified statement of mileage and expenditure reports have been submitted.
- Verify that all expenditures tested were allowable in accordance with the Powell Bill guidelines.
- Verify that the Summary of Local Streets report totals accurately reflect the work orders and that the reports are reviewed by supervisory personnel.

#### **Compliance**

We reviewed the certified statement package, provided by Engineering & Inspections, and it contained the certified mileage statement, map, and added deleted streets listings as required by NCDOT. The original map appears to be compliant with all guidelines. Prior year mileage of 1003.58 from NCDOT website plus additions and minus deletions agrees to the reported current year mileage of 1014.83 as certified.

#### **Expenditures**

We tested a payment from each contract on the 2008-2009 Powell Bill Construction Expenditures report. Each payment appeared to have sufficient documentation in accordance with the Powell Bill guidelines as set forth in N.C.G.S 136-41.1 through 41.4. We also examined the contracts provided by Renee Saul, Contract Administration Specialist with Engineering & Inspections. The contracts also appeared to be appropriately signed and executed in accordance with the guidelines.

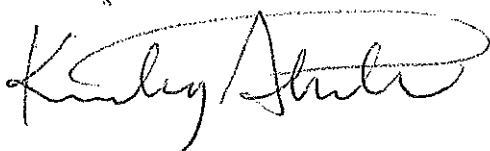
#### **Summary of Local Streets Report**

We sampled seven to ten work orders per quarter and pulled a cost summary detail report to compare with the original report totals. Most of the work orders sampled from the first quarter matched the original report. Two of the work orders sampled did not match due to changes that were made after the work orders were closed. All work orders sampled from the second through fourth quarters did not match the original report. In addition, the totals on the second report did not total correctly. We met with Field Operations, Financial and Administrative Services and Enterprise Solutions to address the incorrect reports. After the meeting Steve Sherman, GIS Manager, discovered that each time the rates were adjusted;

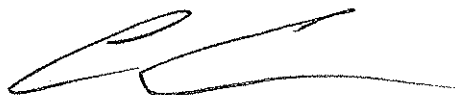
the rates were adjusted backward as well. Because of the differences, the corrected totals for the report were \$3,924,027.81 compared to the \$4,238,069.77 that was reported, for a total difference of \$314,041.96. In addition, one of the work orders contained a transposition error that totaled \$45,660.31. Mike Mabe, Manager of Street Maintenance Operations, was able to come up with additional work orders to substantiate the \$314,041.96 and \$45,660.31 for a combined difference of \$359,702.27.

Currently, Mike Mabe samples work orders once the report is prepared. Going forward, we have suggested that extra controls be put in place for the report including examining all work orders in excess of \$10,000. To illustrate this change, we sampled all work orders in excess of \$10,000 for the first quarter. Of the 19 work orders sampled, two of the work orders had major errors. The first work order included a change made after the quarter end and was not reflected in the initial run of the report. The second work order included a transposition error and was not corrected until after it was discovered during the course of our review. Steve Sherman is working with Field Operations to correct the reports going forward. We recommend that controls be put in place for work orders changed after the quarter end and that extra review should be done for work orders over \$10,000.

We would like to thank the staff of Field Operations for their assistance and cooperation during this review. Please respond to this review by Thursday, April 15, 2010. If there are any questions concerning the details of this review, please call us at 373-2230.



Kimberly Strickland  
Internal Auditor



Len Lucas  
Internal Audit Director

cc: Bob Morgan, Deputy City Manager

## Strickland, Kimberly

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**From:** Wyrick, Dale  
**Sent:** Tuesday, April 20, 2010 10:07 AM  
**To:** Strickland, Kimberly  
**Cc:** Lucas, Len; Mabe, Mike; Williams, Tonya; Dey, Sandy  
**Subject:** RE: Powell Bill Review for FY 2008-2009

**Importance:** High

We approve of your recommendations and plan to implement your recommendations as outlined. Please consider this email my response. Also, please send an electronic copy of your final report so that I can distribute to our folks for their records.

Please advise if further is required...

Dale

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**From:** Strickland, Kimberly  
**Sent:** Monday, April 19, 2010 2:50 PM  
**To:** Wyrick, Dale  
**Cc:** Lucas, Len  
**Subject:** Powell Bill Review for FY 2008-2009

What is the status of your response on the Powell Bill Review for FY 2008-2009? The initial response was requested by April 15<sup>th</sup>. Thanks.

**Kimberly Strickland**  
*Internal Auditor*  
City of Greensboro  
P: 336-373-2230 F: 336-373-2138  
[kimberly.strickland@greensboro-nc.gov](mailto:kimberly.strickland@greensboro-nc.gov)

Internal Audit Division  
Executive Department  
City of Greensboro



April 20, 2010

**TO:** Dale Wyrick, Director of Field Operations  
**FROM:** Internal Audit Division  
**SUBJECT:** Response to Powell Bill Review for FY 2008-2009

We have received your response concerning the Powell Bill Review for FY 2008-2009. We agree with the response and thank you for responding. If there are any questions concerning the details of the review, please call us at 373-2230.

A handwritten signature in black ink, appearing to read "Kimberly Strickland".

Kimberly Strickland  
Internal Auditor

A handwritten signature in black ink, appearing to read "Len Lucas".

Len Lucas  
Internal Audit Director

cc: Bob Morgan, Deputy City Manager