**NOTICE OF A REDEVELOPMENT
AGENCY BOARD MEETING
January 14, 2026, at 6:00 PM**

PUBLIC NOTICE is hereby given that the Vineyard Redevelopment Agency Board will hold a regularly scheduled Redevelopment Agency Board meeting on Wednesday, January 14, 2026, at 6:00 PM, or as soon there after as possible following the City Council meeting, in the City Council Chambers at City Hall, 125 South Main Street, Vineyard, UT. This meeting can also be viewed on our live stream page.

AGENDA

Presiding Chair Zack Stratton
[IGNORE_INDENT]

1. **CALL TO ORDER**

2. **PRESENTATIONS/RECOGNITIONS/AWARDS/PROCLAMATIONS**

3. **CONSENT ITEMS**

    3.1. Approval of December 10, 2025, RDA Meeting Minutes

4. **BUSINESS ITEMS**

    4.1. Appointment of Sub-Committee to Review supplemental report from the independent audit
    The RDA Board Chair will appoint a subcommittee to review the findings of the independent audit, specifically Chapter 5 of the supplemental observations and recommendations report. The board will take appropriate action.

5. **CLOSED SESSION**

    The RDA Board pursuant to Utah Code 52-4-205 may vote to go into a closed session for the purpose of (these are just a few of the items listed, see Utah Code 52-4-205 for the entire list):

    a   discussion of the character, professional competence, or physical or mental health of an individual

    b   strategy sessions to discuss collective bargaining

    c   strategy sessions to discuss pending or reasonably imminent litigation

    d   strategy sessions to discuss the purchase, exchange, or lease of real property, including any form of a water right or water shares

    e   strategy sessions to discuss the sale of real property, including any form of a water

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right or water shares

   f   discussion regarding deployment of security personnel, devices, or systems

   g   the purpose of considering information that is designated as a trade secret, as defined in Section 13-24-2, if the public body's consideration of the information is necessary in order to properly conduct a procurement under Title 63G, Chapter 6a, Utah Procurement Code

6.   ADJOURNMENT

7.   PUBLIC COMMENTS

RDA meetings are scheduled as necessary.

This meeting may be held in a way that will allow a board member to participate electronically.

The public is invited to participate in all RDA meetings. In compliance with the Americans with Disabilities Act, individuals needing special accommodations during this meeting should notify the City Recorder at least 24 hours prior to the meeting by calling (385) 338-5183.

I, the undersigned Deputy City Recorder for Vineyard, Utah, hereby certify that the foregoing notice and agenda was posted at Vineyard City Hall, on the Vineyard City and Utah Public Notice websites, and delivered electronically to staff and to each member of the Governing Body.

AGENDA NOTICING COMPLETED ON: 1/12/2026

CERTIFIED (NOTICED) BY: /s/Tony Lara
                              TONY LARA, DEPUTY CITY RECORDER

MINUTES OF A REDEVELOPMENT
AGENCY BOARD MEETING
December 10, 2025, at 6:02 PM

_____

Present	**Absent**

Chair Julie Fullmer
Board Member Ezra Nair
Board Member Brett Clawson
Board Member Jacob Holdaway
Board Member Mardi Sifuentes

Staff Present: City Attorney Jayme Blakesley, City Manager Eric Ellis, Lieutenant Holden Rockwell with the Utah County Sheriff's Office, Chief Building Official Cris Johnson, Community Development Director Morgan Brim, Senior Planner Cache Hancey, Public Works Director Naseem Ghandour, Finance Director Kristie Bayles, Communications Director Jenna Ahern, Deputy Recorder Tony Lara, and City Recorder Pamela Spencer

Others Speaking: Pete Evans with Flagship

1. **CALL TO ORDER/INVOCATION/INSPIRATIONAL THOUGHT/PLEDGE OF ALLEGIANCE**

RDA Chair Fullmer began the meeting began at 6:02pm

2. **PRESENTATIONS/RECOGNITIONS/AWARDS/PROCLAMATIONS**

3. **CONSENT ITEMS**

   3.1. Approval of October 22, 2025,RDA Meeting Minutes

   Motion: BOARDMEMBER SIFUENTES MOTIONED TO APPROVE THE CONSENT ITEM AS PRESENTED. BOARDMEMBER CLAWSON SECONDED. CHAIR FULLMER AND BOARDMEMBERS NAIR, SIFUENTES, CLAWSON AND HOLDAWAY VOTED YES. THE MOTION PASSED UNANIMOUSLY.

4. **BUSINESS ITEMS**

   4.1. DISCUSSION AND ACTION — Reimbursement Agreement with Vineyard Properties of Utah for 1750 N infrastructure and Pump House
   Approval of an RDA Reimbursement Agreement to pay for a sewer lift station and backbone infrastructure for the extension of 1750 N to 250 W.

   RDA Director Josh Daniels presented the details of the proposed agreement.

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43

44   📄 **Motion:** BOARDMEMBER NAIR MOVED TO ADOPT RESOLUTION U2025-06,
45   BOARDMEMBER SIFUENTES SECONDED. THE ROLL CALL WAS AS FOLLOWS:
46   CHAIR FULLMER AND BOARDMEMBERS HOLDAWAY, CLAWSON, SIFUENTES AND
47   NAIR VOTED YES. THE MOTION PASSED UNANIMOUSLY

48

49   **4.2. DISCUSSION AND ACTON — Detention Basin Reimbursement Agreement**
50   **(Resolution U2025-05)**
51   Approve a reimbursement agreement for environmental remediation and infrastructure
52   related to the former Geneva Steel detention basin.

53

54   📄 Mr. Daniels presented the proposed reimbursement agreement.

55

56   📄 Boardmember Holdaway had questions regarding the ownership of the property. He
57   explained that he spoke with Forestry Fire and State Lands (FFSL) and that they indicated that
58   they were not aware of Vineyard's intention to use RDA funds to remediate the area.

59

60   📄 Pete Evans with Flagship and Anderson Geneva wanted to clarify they were not proposing a
61   development plan but rather a continuation of the environmental cleanup of the area. There was
62   further discussion regarding ownership and inclusion of the detention pond area in the RDA zone.

63

64   📄 Boardmember Nair commented that he viewed the agreement as preliminary and asked Mr.
65   Daniels for clarification on the determination process that would be used for reimbursable costs.
66   There was a discussion regarding the process as well as amending the agreement to require the
67   developer to come before the board before the cleanup was started.

68

69   📄 Boardmember Holdaway explained that his primary concern was prior knowledge from the
70   landowner. He wanted that concern addressed before the board made a decision. A discussion
71   ensued regarding re-evaluation of the agreement.

72

73   📄 The board, along with Mr. Daniels and the City Attorney, discussed the proposed amendments
74   to the agreement.

75

76   📄 Boardmember Holdaway asked to have FFSL come and comment on the property and the
77   proposed agreement. A discussion ensued.

78

79   📄 Boardmember Holdaway asked City Attorney Jayme Blakesley about referability of any
80   action taken by the board. There was a discussion.

81

82   📄 Mr. Blakesley presented updates that had been proposed to the agreement so that the board
83   had an updated understanding of what they would be voting on.

84

85   📄 **Motion:** BOARDMEMBER NAIR MOVED TO ADOPT RESOLUTION U2025-05
86   SUBJECT TO THE NOTED REVISIONS. BOARDMEMBER CLAWSON SECONDED. THE
87   ROLL CALL WAS AS FOLLOWS: CHAIR FULLMER AND BOARDMEMBERS NAIR,

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88 SIFUENTES, CLAWSON AND HOLDAWAY VOTED YES. THE MOTION PASSED
89 UNANIMOUSLY.
90
91
92 **5.   CLOSED SESSION**
93   There was no closed session held during this meeting.
94
95 **6.   ADJOURNMENT**
96
97   The meeting was adjourned at 6:54pm
98
99
100
101 **MINUTES APPROVED ON:** _____
102
103
104 **CERTIFIED CORRECT BY:** _____
105   **TONY LARA, DEPUTY CITY RECORDER**
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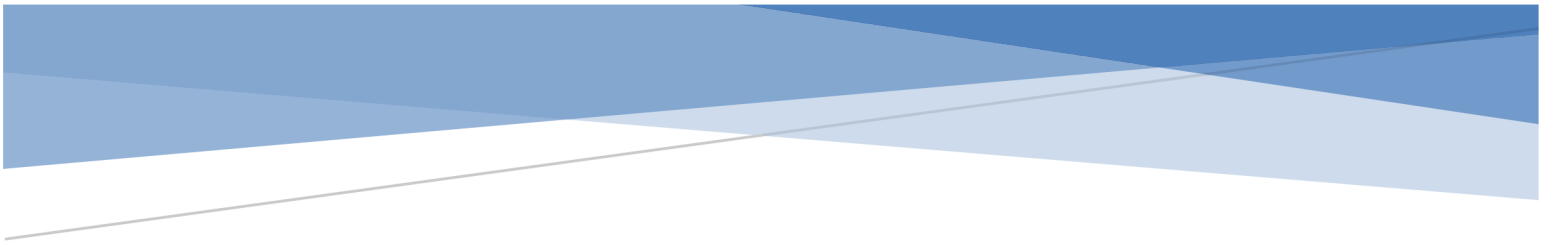
VINEYARD CITY

Supplemental Observations and Recommendations Report
December 10, 2025

Accompanying the
Agreed-Upon Procedures Engagement
for Fiscal Years 2023 and 2024

Prepared by
CPA Insight Solutions
Consulting for Public Accountability

Table of Contents

INTRODUCTION AND PURPOSE

This Supplemental Observations and Recommendations Report accompanies the Independent Accountant's Report on Applying Agreed-Upon Procedures (AUP) performed for Vineyard City for fiscal years 2023 and 2024. Unlike an audit or examination conducted in accordance with the standards of the AICPA or Government Auditing Standards, this report does not provide assurance, an opinion, or a conclusion on the City's financial statements, internal controls, or compliance activities. Its purpose is fundamentally different: to provide context, analysis, and forward-looking recommendations based on the factual results obtained through the AUP engagement.

The observations presented herein are not findings in the audit sense, but rather professional insights derived from testing results, supporting documentation, interviews, and examination of City processes. They are intended to help Vineyard City strengthen its internal controls, reinforce accountability, and enhance transparency in the administration of public resources. Each observation is designed to assist elected officials, management, employees, and residents in understanding opportunities for improvement, clarifying roles and responsibilities, and building a control environment capable of supporting the City's continuing growth.

This document serves as a complement—not an extension—of the AUP itself. The AUP procedures were performed strictly as agreed upon with Vineyard City, and no additional work was conducted beyond those procedures. However, consistent with professional judgment and public-sector best practices, relevant contextual observations that emerged during the execution of the AUP are included here to help the City proactively strengthen governance, reduce operational risks, and improve the stewardship of taxpayer funds.

SCOPE AND ORGANIZATION

This Supplemental Observations and Recommendations Report mirrors the structure of the AUP report to maintain consistency and clarity. Each topic included in the AUP— Purchasing Cards, Travel, Cash Handling, Utility Billing, Redevelopment Agency (RDA) Payments, Food Expenditures, and Vehicles and Fuel Cards —is addressed separately in this report using the same order and general framework.

Each section begins with a brief overview that summarizes the purpose and context of the area reviewed. Observations are then presented using a narrative structure that incorporates the standard elements of a finding—criteria, condition, cause, and effect— without explicitly labeling them as such. This approach provides a clear and coherent understanding of each issue while acknowledging that these items are not formal audit findings but supplemental professional observations.

For every observation, a set of targeted recommendations is provided. These recommendations draw upon public-sector best practices, internal control frameworks,

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and industry standards relevant to municipal operations. The goal is to give the City practical, actionable steps to enhance internal controls, modernize policies, and strengthen governance processes.

The report is organized to promote ease of reference and public transparency. Elected officials, staff, and residents can review each topic independently or consider the document as a whole to better understand the interconnected nature of internal controls across City functions. In all cases, the information contained herein is intended to support Vineyard City in its commitment to accountability, efficiency, and responsible stewardship of public resources.

1. PURCHASING CARDS

The purchasing card program was reviewed to assess Vineyard City's adherence to its Purchase Card Policy and to evaluate whether internal controls effectively ensure accountability, compliance, and transparency in P-Card use. The review encompassed both policy design and operational execution, drawing from a representative sample of 100 transactions selected from a total population of 4,157 transactions processed during fiscal years 2023 and 2024.

The testing focused on several key control areas, including the presence of adequate supporting documentation, supervisory approvals, and compliance with purchase limits and prohibited-use provisions. Specific attention was given to verifying that receipts and invoices were attached, uploaded, and approved within the two-week timeframe established by City policy, and that cardholders maintained valid signed agreements acknowledging their responsibilities under the program.

The review of Vineyard City's purchasing card (P-Card) program revealed meaningful progress in establishing policy guidance, assigning cardholder accountability, and implementing the Spend Clarity system as a control tool. The City's Finance team has improved many of the foundational elements of program administration; however, the observations detailed in this section highlight several areas where control enforcement, documentation quality, and oversight practices must continue to mature.

RECURRING THEMES EMERGED ACROSS MULTIPLE FINDINGS:

- Accountability and Individual Responsibility: Some historical practices, such as shared cards and incomplete cardholder agreements, weakened individual accountability for public expenditures.

- Oversight and Timeliness: Inconsistent supervisory approvals and delays in uploading documentation reduced the effectiveness of internal review and reconciliation controls.

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- Documentation Quality and Transparency: Insufficient detail in supporting materials and narrative justifications hindered the City's ability to demonstrate the appropriateness of spending decisions.

- System Configuration and Monitoring: Spend Clarity's workflow and reporting capabilities were not fully leveraged to enforce approval, documentation, or timeliness requirements.

Together, these issues do not suggest misuse of City funds but rather point to the need for sustained attention to policy compliance, employee training, and use of automation to reinforce internal controls. The Finance Department has the opportunity to transform the P-Card program from a transactional tool into a transparent, well-controlled, and efficiently managed system that reflects the City's commitment to stewardship and accountability.

The recommendations provided throughout this section—ranging from improved documentation standards to integration of compliance metrics into performance reviews—are intended to strengthen governance, reduce administrative inefficiency, and enhance public confidence in how City resources are managed. Implementation of these measures will position Vineyard City to maintain a high level of fiscal transparency and serve as a model of sound financial oversight among Utah municipalities.

OBSERVATION 1.1: IMPROPER CARD SHARING

Vineyard City's Purchase Card (P-Card) Policy assigns each card to a specific employee, who is personally accountable for all charges, documentation, and policy compliance related to that card. This structure is foundational to an effective internal-control environment: it creates a clear audit trail, prevents unauthorized purchases, and enables supervisors to verify that transactions are legitimate and properly supported.

During testing and inquiry, evidence indicated that certain cards—particularly within operational areas such as Public Works and Water—were historically used by multiple employees rather than being restricted to a single, named cardholder. Management explained that these "department cards" were shared among staff to purchase work-related supplies or protective gear when the designated cardholder was unavailable. Although this practice may have arisen from practical necessity, it effectively bypassed the control framework designed to ensure individual accountability for every transaction. According to management, these shared cards were cancelled in early 2024 and replaced with individually assigned cards, which represents a meaningful improvement in program integrity.

The emergence of shared cards appears to have stemmed from the City's rapid organizational growth and a period when procurement controls and system capabilities were still being formalized. Limited card availability, decentralized issuance, and operational convenience likely contributed to the practice.

Nevertheless, allowing multiple employees to access the same card obscures the true purchaser, complicates oversight, and exposes the City to financial and reputational risk. When accountability is diluted, it becomes difficult to verify whether purchases were properly authorized, business-related, or supported by adequate documentation.

Although the issue has since been addressed, its prior existence points to a need for stronger preventive controls to ensure that similar practices do not re-emerge, especially as staff turnover and departmental needs evolve.

RECOMMENDATIONS

1.1.1 Reinforce through City-wide communication and periodic staff training that purchasing cards are issued solely for individual use. Card lending, borrowing, or sharing should be expressly prohibited under all circumstances.

1.1.2 Direct each department head to certify annually that all active cards are assigned to named employees only, with no generic or shared cards in circulation. This certification should be submitted to the Finance Department and retained for audit purposes.

1.1.3 Establish a documented contingency process to address legitimate short-term purchasing needs when an authorized cardholder is unavailable. Options may include a centrally managed procurement desk, supervised temporary cards, or emergency purchasing procedures approved by Finance.

1.1.4 The City should maintain an internally controlled log mapping each card number to the assigned employee, and supervisors should certify cardholder assignments at least annually. Finance should reconcile this log to cardholder activity to ensure all transactions are traceable.

1.1.5 Document, in a one-time internal memorandum, the corrective actions taken to eliminate shared cards—identifying which cards were cancelled, when replacements were issued, and how the process now ensures exclusive individual accountability. Maintaining this record demonstrates the City's commitment to continuous improvement and provides valuable context for future reviews.

OBSERVATION 1.2: MISSING SUPERVISORY APPROVALS & INADEQUATE APPROVAL CONTROLS

Vineyard City's Purchase Card Policy and the Spend Clarity workflow are designed to ensure that all transactions receive supervisory review prior to final payment. This control provides management oversight, verifies compliance with policy, and reduces the risk of misuse or error. The City's system is configured to require at least one supervisory

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approval for all transactions, and a secondary approval for those exceeding $200. Proper documentation of these approvals forms a critical part of the City's financial accountability framework.

Testing of selected P-Card transactions identified multiple instances in which supervisory approvals were missing, incomplete, or performed by the same individual in both approval levels. Several transactions—particularly those dated before mid-2023—showed no evidence of approval within Spend Clarity or elsewhere in the supporting documentation. In a few cases, both approval levels were executed by the same employee, effectively negating the intended segregation of duties. Management explained that this condition resulted largely from legacy configurations and staffing changes before the Spend Clarity system was fully implemented. According to management, supervisory assignments and approval hierarchies were corrected in early 2024 when a new Finance Director and staff performed a comprehensive review of cardholder settings.

The missing or duplicate approvals appear to have been caused by a combination of incomplete system configuration and historical gaps in departmental compliance monitoring. At times, certain cards lacked assigned supervisors within Spend Clarity, allowing transactions to post without approval. In other cases, turnover or role changes were not promptly reflected in the system, leaving approval queues unmonitored. Although current controls appear to have improved, these lapses during the audit period represent a significant internal control deficiency.

The absence of consistent supervisory approvals weakens the City's assurance that all expenditures were properly reviewed, supported, and authorized. It also reduces transparency for the City Council, management, and the public by undermining confidence in the completeness of internal review. When segregation of duties is compromised—whether through missing approvers or dual-role approvals—the potential for error, abuse, or fraud increases, even in otherwise well-intentioned environments.

RECOMMENDATIONS

1.2.1 Require Finance to periodically review the Spend Clarity configuration to confirm that each active card has assigned primary and secondary approvers consistent with City policy. This review should be performed at least annually or whenever organizational changes occur.

1.2.2 Supervisors should review all transactions for completeness before approval, returning any transaction where required fields (business purpose, documentation, coding) are no sufficiently to give a good understanding and description of the expense being incurred. Departments may implement internal checklists to support this review.

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1.2.3 Reinforce through periodic training that supervisory review is not a perfunctory step but a substantive verification of the appropriateness, documentation, and business purpose of each expenditure. Approvers should be held accountable for ensuring that receipts are legible, itemized, and policy-compliant before final approval.

1.2.4 Require departments to perform quarterly self-checks of approval logs, reconciling Spend Clarity data to ensure that every purchase above $200 has dual approval. Exceptions should be documented, explained, and reviewed by Finance for trend analysis.

1.2.5 Where transactions were approved by the same individual at both levels during the audit period, Finance should document the reason and determine whether compensating controls (such as post-review by a department head or Finance manager) were applied. This documentation will strengthen the City's ability to demonstrate oversight during transitional periods.

OBSERVATION 1.3: SPLIT TRANSACTIONS TO BYPASS SPENDING LIMITS

The City's Purchase Card Policy establishes both single-transaction and monthly spending limits for each cardholder to control purchasing activity and prevent large or non-routine expenses from circumventing normal procurement channels. These limits are an important safeguard: they ensure that significant purchases receive appropriate advance authorization, competitive pricing review, and budget validation through the City's purchasing system rather than the P-Card platform.

Testing identified several instances in which transactions appeared to be divided, or "split," across multiple P-Card charges to avoid triggering system-enforced spending limits. Examples included duplicate vendor payments made within the same billing cycle— most notably two $10,200 payments to the same vendor for a single drone show—and smaller cases in which a single purchase was broken into two or more separate card transactions processed on the same day. In at least one case, the total of these split charges exceeded the cardholder's established monthly limit.

Management explained that some of these situations stemmed from vendor invoicing practices, where a 50-percent deposit and 50-percent final payment were required. Other instances were attributed to delayed or missing documentation of approved temporary limit increases. While those explanations appear reasonable in certain cases, the absence of standardized documentation confirming that each split or over-limit charge was pre-authorized makes it impossible to distinguish legitimate vendor billing arrangements from policy circumvention.

These conditions indicate weaknesses in the City's control over spending-limit enforcement and documentation. Prior to 2024, temporary limit adjustments were authorized by email or verbal approval but not consistently recorded within Spend Clarity

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or retained for audit purposes. Additionally, the system did not flag or restrict multiple same-vendor transactions that collectively exceeded the per-transaction limit. Although Finance now manages temporary limit adjustments more formally, historical activity reveals the need for better documentation, automated exception monitoring, and consistent communication of policy expectations.

Split transactions—whether intentional or due to weak configuration—undermine the integrity of spending limits and expose the City to the risk of purchases occurring outside the normal procurement process. They also reduce transparency over who authorized an expenditure and why it bypassed ordinary thresholds designed to safeguard public funds.

RECOMMENDATIONS

1.3.1 Although the Purchase Card Policy already expressly prohibits splitting transactions to circumvent single-transaction limits, our testing identified instances where this practice occurred. We recommend that the City strengthen its enforcement of this requirement by implementing additional monitoring controls—such as periodic reviews by Finance of same-day or same-vendor purchases—and by ensuring supervisors are trained to identify and return transactions that appear to be split. These steps would help reinforce policy compliance and reduce the risk of bypassing established purchasing controls.

1.3.2 Implement a standardized Temporary Limit Increase Request form. Each request should document the reason, amount, approving officials, and effective period, and be retained as part of the monthly reconciliation package.

1.3.3 Finance should conduct periodic analytics to identify same-day or same-vendor purchases that appear related, and follow up with departments to determine whether purchases were appropriately aggregated or whether policy reinforcement is needed.

1.3.4 Provide periodic training for department heads and cardholders emphasizing that exceeding or dividing transactions without written pre-approval constitutes a policy violation and may result in revocation of card privileges.

1.3.5 Require Finance to perform semi-annual analytics on transaction data to identify patterns of recurring split purchases or frequent temporary limit adjustments. Summaries of these reviews should be shared with management and reported to the City Council's Audit or Finance Committee as part of ongoing oversight.

OBSERVATION 1.4: INCOMPLETE AND HISTORICALLY INCONSISTENT CARDHOLDER AGREEMENTS

The City's Purchase Card Policy requires that each cardholder sign an agreement acknowledging their responsibilities, compliance obligations, and understanding of

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applicable policies before being issued a P-Card. These agreements are a key element of the City's internal-control framework. They serve as documented evidence that employees have been trained on program expectations, that they understand restrictions such as prohibited uses and documentation requirements, and that they accept personal accountability for all purchases charged to their assigned card.

Testing revealed that cardholder agreements were not consistently obtained or retained, particularly during earlier fiscal years. Of the 24 cardholders sampled, only 16 had a signed agreement on file. The remaining eight records pertained to former employees whose employment ended prior to the City's adoption of the updated Purchase Card Policy and the subsequent city-wide training effort; as a result, signed agreements were not available for those individuals. For some cardholders with multiple active cards, the agreement provided did not correspond to the specific card number tested. In addition, all agreements currently on file were executed on the same date, indicating that the City conducted a one-time compliance effort to obtain signed agreements after identifying the issue, rather than having maintained updated agreements as part of an ongoing process since program inception.

This historical gap appears to have originated from inconsistent onboarding practices, evolving administrative oversight, and the absence of a centralized repository for cardholder documentation. Before the implementation of the Spend Clarity system and the formalization of the P-Card program under current Finance leadership, card issuance and recordkeeping were managed informally, with limited standardization across departments. While the recent effort to collect and standardize agreements demonstrates meaningful progress, it did not fully resolve documentation gaps from prior years, nor did it establish a recurring process to ensure compliance as new cardholders are added or existing cards replaced.

Without a complete and verifiable record of signed agreements, the City cannot demonstrate that all employees with purchasing authority have acknowledged their obligations or were informed of the program's restrictions. This weakens accountability, increases exposure to potential misuse or misunderstanding of policy, and limits management's ability to enforce disciplinary measures should violations occur. Although this deficiency is largely historical, maintaining a robust and ongoing documentation process is essential to preserving the integrity of the P-Card program.

RECOMMENDATIONS

1.4.1 Designate a central function—such as Finance or Human Resources—as the official custodian of all P-Card agreements. This role should be responsible for verifying that a signed agreement is on file before a card is activated and for maintaining copies after card termination.

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1.4.2 Update the cardholder agreement template to include the cardholder's name, department, and the last four digits of the assigned card. Each agreement should reference the effective policy version and contain an attestation acknowledging receipt and understanding of that policy.

1.4.3 Incorporate the P-Card agreement process into the City's employee onboarding and separation checklists. Finance should verify that an executed agreement is on file before issuing a card and that the agreement remains archived upon card deactivation or employee separation.

1.4.4 Require active cardholders to annually reaffirm their acknowledgment electronically through a digital form, confirming that they have reviewed any policy updates and that their card information remains current.

1.4.5 Perform a one-time reconciliation of all current cardholders against existing agreements to identify any remaining gaps. Missing agreements should be obtained promptly, and the reconciliation results should be retained as evidence of the City's corrective action.

OBSERVATION 1.5: INSUFFICIENT SUPPORTING DOCUMENTATION

An effective purchasing card program depends on maintaining complete, clear, and verifiable supporting documentation for every transaction. The City's Purchase Card Policy and standard financial controls require cardholders to retain and upload itemized receipts or invoices that substantiate the business purpose of each expenditure. These records serve as evidence that the purchase was authorized, properly coded, and related to City operations. The Finance Department's ability to reconcile statements and verify compliance relies on the sufficiency and accuracy of this documentation.

Testing identified numerous instances where supporting documentation was incomplete, unclear, or missing key elements such as vendor detail, itemized descriptions, or payment confirmation. Some transactions included only an automated email or payment confirmation rather than an actual invoice or receipt. In other cases, screenshots or generic confirmations were uploaded without sufficient information to verify the legitimacy or business purpose of the charge. While the Finance Department explained that receipt expectations were tightened beginning in late 2023, many transactions from earlier in the audit period reflected inconsistent standards and weak quality assurance over uploaded materials.

This condition appears to have stemmed from several factors: the lack of centralized oversight during early program implementation, uneven understanding of documentation requirements across departments, and limited supervisory review before submission. In some cases, the City's rapid growth and transition to electronic systems contributed to a

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backlog of receipts that were uploaded hastily or not at all. Although management has since introduced improved controls—including Finance-level review of receipts and mandatory uploads within two weeks—the historical inconsistencies indicate a need for sustained enforcement and training.

Incomplete or insufficient documentation undermines the City's ability to demonstrate that public funds were used for valid business purposes. It also complicates post-transaction review, hinders fraud detection, and reduces confidence in the accuracy of financial records. Even when purchases are legitimate, the absence of itemized support leaves the City vulnerable to audit findings, reputational risk, and potential disputes with vendors or oversight entities.

RECOMMENDATIONS

1.5.1 Reinforce policy requirements that all P-Card transactions must be supported by legible, itemized receipts or invoices showing the vendor name, date, description, and total amount. Generic confirmations or email summaries should not be accepted as primary documentation.

1.5.2 Require Finance to conduct monthly quality-control reviews of a sample of uploaded receipts to verify completeness, clarity, and consistency. Any exceptions should be communicated to cardholders and supervisors for prompt correction.

1.5.3 Finance should implement internal review procedures requiring supervisors to verify that all required documentation is attached before approval. Departments may use standardized checklists to confirm completeness prior to submission.

1.5.4 Provide refresher training to all cardholders and approvers emphasizing documentation standards, acceptable forms of proof, and the importance of retaining original invoices where possible.

1.5.5 Incorporate documentation sufficiency as a performance measure within department-level compliance reviews or internal audits, encouraging supervisors to view receipt verification as part of their accountability role.

1.5.6 Maintain a centralized record of repeat exceptions or deficiencies by cardholder, and require corrective action plans for employees with recurring noncompliance.

1.5.7 Strengthen narrative justification requirements within Spend Clarity. Cardholders should provide complete, clearly written explanations describing the business purpose and necessity of each transaction—using full sentences and enough detail to demonstrate how the purchase supports City operations. Supervisors should review these justifications for adequacy and provide feedback when narratives are too brief or incomplete. Because

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P-Card expenditures represent public funds, employees should err on the side of transparency and thoroughness in documenting how those funds are spent.

OBSERVATION 1.6: MISSING RECEIPTS AND USE OF "MISSING RECEIPT" FORMS

Vineyard City's Purchase Card Policy requires cardholders to retain and upload original receipts or invoices for all purchases to provide verifiable evidence of business purpose and compliance with purchasing requirements. In limited situations when an original receipt cannot be obtained, a "missing receipt" form may be used as a substitute. Best practices recommend that such forms be used only as an exception, subject to supervisory approval, and accompanied by a detailed written explanation describing the transaction and the efforts made to obtain the original documentation.

Testing revealed multiple instances in which missing-receipt forms were used instead of actual receipts, including for purchases that exceeded $200. Although Finance staff indicated that employees are instructed to consult with Finance before submitting these forms, documentation of that consultation was not consistently maintained. Once a missing-receipt form was completed, no further follow-up occurred to locate or attach the original receipt at a later date. This practice effectively made the missing-receipt form a permanent substitute rather than a temporary remedy.

The reliance on missing-receipt forms appears to stem from a combination of evolving policy enforcement, limited clarity on when such forms are appropriate, and insufficient accountability mechanisms to discourage their overuse. While the Finance Department has improved overall compliance monitoring, the historical use of missing-receipt forms— particularly for higher-value purchases—reduces transparency and weakens the audit trail. Because these purchases are made with public funds, the supporting documentation should meet a higher standard of completeness, ensuring that every expenditure can be independently verified.

Overuse of missing-receipt forms exposes the City to reputational and financial risks by creating uncertainty about whether purchases were appropriate, authorized, and accurately recorded. Even when the underlying transaction is legitimate, the absence of original documentation can raise questions about oversight, consistency, and stewardship of taxpayer funds.

RECOMMENDATIONS

1.6.1 Update the Purchase Card Policy to clearly define the acceptable circumstances

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under which missing-receipt forms may be used, set a dollar threshold requiring Finance approval, and specify that such forms are to be treated strictly as exceptions.

1.6.2 Require each missing-receipt form to include a detailed written explanation of the purchase and the reason the original receipt is unavailable. Generic or overly brief statements should not be accepted.

1.6.3 Instruct supervisors to carefully review missing-receipt forms for completeness and adequacy before approval. If the description does not clearly establish the business purpose, the form should be returned to the employee for clarification.

1.6.4 Supervisors should return transactions submitted with missing-receipt forms unless the employee has clearly documented the circumstances and demonstrated efforts to obtain the original receipt. Finance should maintain a log of missing-receipt usage for monitoring patterns.

1.6.5 Provide periodic training emphasizing that P-Card expenditures represent public money, and that employees are expected to exercise heightened diligence in documenting their use. Supervisors should reinforce that complete documentation is not optional, but a core responsibility of financial stewardship.

1.6.6 Require Finance to compile a quarterly summary of missing-receipt forms by employee and department, and provide the results to management for review and discussion with department heads.

1.6.7 Integrate the use of missing-receipt forms into employee performance evaluations. Repeat use of missing-receipt forms, particularly when preventable, should be viewed as a lack of accountability and attention to policy requirements. Supervisors should document coaching or corrective action when improvement does not occur.

OBSERVATION 1.7: SALES TAX CHARGED ON PURCHASES

As a local government entity, Vineyard City is exempt from Utah state and local sales tax under Utah Code §59-12-104. This exemption is designed to prevent public funds from being used to pay taxes from which the City is legally excluded. The City's Purchase Card Policy and standard purchasing practices require employees to provide vendors with the City's tax-exempt certificate at the time of purchase and to ensure that no sales tax is charged. Compliance with this requirement conserves taxpayer resources and demonstrates prudent financial stewardship.

Testing identified multiple instances during the audit period in which sales tax was charged on purchases made with City P-Cards. In some cases, these errors appeared to result from employees' failure to inform vendors of the City's tax-exempt status or from online vendors not set up with the City's exemption certificate. Management reported that enforcement of

this requirement was inconsistent in prior years but has since improved. The Finance Department now requires employees to request refunds for any taxes charged in error and has emphasized tax-exempt purchasing in more recent training.

The presence of sales tax on purchases reflects a breakdown in the communication and enforcement of the City's exemption policy. Before 2024, the process for verifying vendor tax-exempt status was largely informal, and there was no standardized follow-up to confirm that refunds were requested or received. Additionally, cardholders may not have been aware of how to properly apply the exemption when making online purchases or when new vendors were added. While the current practice represents meaningful improvement, the City can further strengthen compliance by documenting and monitoring all tax-related exceptions.

Paying sales tax unnecessarily reduces the City's available resources and can lead to reputational concerns regarding fiscal responsibility. Even small, recurring errors can accumulate over time into material inefficiencies. As stewards of public funds, City employees must ensure that every possible measure is taken to avoid expenditures that could have been prevented through proper process adherence.

RECOMMENDATIONS

1.7.1 Reaffirm through written guidance and periodic training that all City purchases are exempt from Utah state and local sales tax. Require employees to provide vendors with the City's current tax-exempt certificate at the time of each purchase.

1.7.2 Maintain a centralized repository of tax-exempt certificates accessible to all employees and departments, ensuring that the most current version is easily available for use in person or online.

1.7.3 Incorporate a verification step in the reconciliation process to flag any transactions that include sales tax. Finance staff should review these transactions and confirm that a refund has been requested or received.

1.7.4 Require cardholders to document the reason tax was charged and the follow-up actions taken to resolve it. Supervisors should ensure that these explanations are detailed, clear, and reviewed for completeness.

1.7.5 Conduct periodic vendor outreach to confirm that the City's tax-exempt status is properly recognized in vendor accounts, particularly for frequently used suppliers and online platforms.

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1.7.6 Include a summary of sales-tax errors and recovery efforts in Finance's quarterly internal monitoring reports to management. This information should be used to identify recurring issues and target additional training or corrective measures.

OBSERVATION 1.8: UNCLEAR DOCUMENTATION FOR SPENDING LIMIT INCREASES

The City's Purchase Card Policy establishes individual cardholder spending limits to control the size and frequency of P-Card transactions and ensure that higher-dollar purchases receive appropriate scrutiny through standard procurement channels. At times, operational needs may justify a temporary increase in a cardholder's spending or credit limit to accommodate large or time-sensitive purchases. When this occurs, the authorization and approval process should be clearly documented, specifying the reason, amount, effective period, and approving officials.

Testing and management inquiry revealed that Vineyard City does not have a standardized or consistently documented process for approving and recording temporary spending-limit increases. Although management reported that such increases require authorization from the City Manager and the cardholder's supervisor, evidence of those approvals was not consistently retained. In several cases, transactions that exceeded the cardholder's normal limit were explained as temporarily authorized, but no documentation was available in Spend Clarity or other supporting records to confirm when or by whom the increase was approved.

This lack of documentation appears to have been a legacy issue from earlier in the audit period, when limit adjustments were handled informally through email or conversation with Finance staff and not systematically stored or linked to the relevant transaction. While current Finance personnel now appear to manage temporary increases more carefully, the absence of a standardized process introduces uncertainty regarding the authority, timing, and justification of those approvals.

Without clear, retrievable documentation in the system of record, the City cannot demonstrate that spending-limit exceptions were properly authorized or temporary in nature. This gap increases the risk of inappropriate or unauthorized spending and weakens accountability for policy enforcement. It also creates inefficiency when staff must rely on memory or external files to explain past decisions.

RECOMMENDATIONS

1.8.1 Develop and implement a standardized Temporary Limit Increase Request form. The form should capture the cardholder's name, card number, current and requested limit,

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purpose of the increase, effective period, and signatures of the required approvers (e.g., City Manager, Finance Director, and department head).

1.8.2 Require all temporary limit or credit-limit increases to be approved in writing and uploaded to Spend Clarity at the time the increase occurs. The uploaded documentation should be attached either to the affected transaction(s) or to a centralized repository within the system to ensure transparency and auditability.

1.8.3 Restrict the ability to modify card limits to authorized Finance personnel only and to log every limit change, including the user who made the adjustment and the reference number of the uploaded approval documentation.

1.8.4 Maintain a centralized log of all temporary limit increases, including justification and expiration dates. Finance management should review this log at least quarterly to confirm that temporary increases have been reset to normal limits and that no unauthorized changes remain in effect.

1.8.5 Include limit-increase activity as part of the City's periodic internal monitoring reports to management or the City Council's Finance Committee, highlighting trends, recurring requests, and compliance with approval requirements.

1.8.6 Provide refresher training for supervisors and cardholders emphasizing that spending and credit limits are key internal controls, not administrative barriers. The training should reinforce the expectation that any exceptions be documented, justified, and uploaded to Spend Clarity to ensure full transparency over the use of public funds.

OBSERVATION 1.9: DUPLICATE OR SINGLE-LEVEL APPROVALS

The City's Purchase Card Policy and Spend Clarity workflow require two levels of review for transactions exceeding $200 — typically a primary (supervisory) approval and a secondary (Finance or department-head) approval. This dual-approval structure provides segregation of duties, ensures appropriate oversight, and adds an additional layer of accountability before public funds are expended. The effectiveness of this control relies not only on proper configuration within the system but also on consistent application by staff and supervisors.

Testing identified several transactions where only one level of approval was documented, even though two were required by policy. In other cases, both approval levels were performed by the same individual, effectively eliminating the segregation of duties intended by the control. For example, one cardholder's transactions reflected the same person as both first- and second-level approver, and other transactions from earlier periods showed no supervisory approval at all within Spend Clarity.

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Management explained that these conditions were primarily historical, occurring prior to the 2024 reconfiguration of Spend Clarity and realignment of departmental approval hierarchies. At that time, some cards did not have supervisors properly mapped in the system, and changes in personnel were not always reflected promptly. While those issues have since been corrected, the lack of consistent dual approval during the audit period represents a breakdown in one of the City's key preventive controls.

The absence of independent secondary approval or the use of a single individual to fulfill both roles compromises the City's segregation of duties and reduces assurance that expenditures were appropriate and policy-compliant. It also diminishes transparency and accountability, increasing the potential for error or misuse to go undetected. Although the current control environment appears stronger, ongoing monitoring and periodic testing will be necessary to ensure that these weaknesses do not recur.

RECOMMENDATIONS

1.9.1 Supervisors and approvers should follow policy requirements ensuring no single individual completes both levels of approval. Finance should periodically review approval activity logs to ensure compliance.

1.9.2 Finance should periodically verify that each cardholder's approval structure includes two distinct approvers and update assignments promptly when personnel changes occur.

1.9.3 Finance should review transactions over $200 during monthly reconciliation to ensure both required approvals were completed. Any missing or late approvals should be escalated to department leadership.

1.9.4 Conduct quarterly internal control reviews to verify that dual-approval requirements are functioning as designed and that no single approver is approving their own or subordinates' transactions without oversight.

1.9.5 Include a standing review of approval compliance in Finance's regular reporting to management and the City Council's Audit or Finance Committee. Highlight any patterns of noncompliance or recurring exceptions by department to promote accountability.

1.9.6 Reinforce through training that supervisory and secondary approvals are substantive responsibilities — not administrative formalities. Approvers should review each transaction for business purpose, documentation quality, and policy compliance before granting approval, and should return incomplete submissions to the cardholder for correction or clarification.

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OBSERVATION 1.10: INAPPROPRIATE USE OF P-CARDS FOR RECURRING OR CONTRACTED SERVICES

The City's Purchase Card Policy is intended to facilitate low-value, routine, and incidental purchases while maintaining appropriate oversight and accountability. P-Cards are not designed to replace the City's normal procurement or accounts payable processes for recurring, contractual, or large-dollar purchases. Such payments should be processed through the City's vendor payment system to ensure that contracts are properly authorized, budgeted, and subject to standard invoice verification and reporting procedures.

Testing identified instances in which P-Cards were used to pay recurring or contract-based expenses—such as monthly trash collection and other ongoing service arrangements—that would more appropriately be handled through the accounts payable system. These transactions bypassed standard procurement controls and obscured the long-term nature of the expenditure, since each monthly payment appeared as a stand-alone P-Card charge rather than a recurring vendor commitment. While no evidence of misuse was noted, this practice limits transparency, impedes accurate financial reporting, and may result in inconsistent application of purchasing procedures.

Management indicated that these payments were historically processed by P-Card for convenience, particularly before procurement procedures were fully centralized. However, Finance staff have not yet begun transitioning recurring vendors to the accounts payable process. As a result, these types of payments continue to be made through P-Cards without the formal oversight, budgeting, or contract documentation typically required for ongoing vendor relationships. The continued use of P-Cards for recurring services highlights a need for stronger policy enforcement, clearer guidance to departments, and consistent monitoring to prevent further exceptions.

Using P-Cards for recurring or contracted services dilutes oversight and increases the risk that long-term vendor relationships are not formally reviewed, competitively procured, or reflected in the City's contract management records. It also makes it more difficult for Finance to ensure that all commitments are budgeted, authorized, and reported accurately to management and the City Council.

RECOMMENDATIONS

1.10.1 Revise the Purchase Card Policy to explicitly prohibit the use of P-Cards for recurring, contractual, or subscription-based services. Define clear thresholds and examples of transactions that must be processed through the City's accounts payable system.

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1.10.2 Require Finance to perform a review of all P-Card activity at least quarterly to identify vendors receiving repeated payments over multiple months. Such vendors should be evaluated and transitioned to the accounts payable process, ensuring they are properly established in the City's vendor master file.

1.10.3 Establish a formal workflow for converting recurring P-Card vendors to contract or purchase-order-based payments. This process should document service agreements, terms, and approvals, and should be integrated into Finance's routine monitoring activities.

1.10.4 Provide guidance and training to departments emphasizing that convenience should never override transparency or adherence to established procurement processes. Cardholders should consult Finance before using a P-Card for any purchase that appears to be recurring or service-based.

1.10.5 Finance should review vendor spending patterns at least quarterly to identify recurring charges that should be transitioned to contract or accounts-payable processes. Any identified recurring vendors should be moved to appropriate procurement channels.

1.10.6 Reinforce in staff communications and annual refresher training that P-Cards are intended for incidental, low-dollar, or one-time transactions. Purchases that establish an ongoing financial obligation to a vendor should always be routed through the City's formal contracting and payment processes to maintain transparency and fiscal accountability.

OBSERVATION 1.11: UNTIMELY SUBMISSION OF DOCUMENTATION

Vineyard City's Purchase Card Policy requires that all supporting documentation—including receipts, invoices, and explanations of business purpose—be uploaded into Spend Clarity within two weeks of the transaction date. This requirement ensures timely reconciliation, accurate financial reporting, and prompt supervisory review. When documentation is delayed, supervisors lose visibility into recent activity, Finance cannot complete month-end reconciliations efficiently, and the overall reliability of the P-Card program diminishes.

Testing and inquiry revealed that several cardholders reported difficulty uploading receipts and supporting documentation within the two-week deadline. At the time of review, Spend Clarity did not track or report upload timeliness, making it impossible to identify which transactions were late or which cardholders were consistently behind. As a result, compliance with the two-week standard could not be verified or enforced. Delays appeared to be caused by a combination of competing work priorities, lack of reminders or automated alerts, and limited supervisory follow-up when cardholders failed to submit documentation on time.

Although Finance staff have emphasized timely submission in training and reconciliation meetings, the absence of automated tracking and enforcement tools limits accountability. The issue is primarily procedural rather than indicative of misuse, but it represents a weakness in the City's overall control environment. Timely documentation is a fundamental element of good governance—ensuring that expenditures are reviewed and verified while details are fresh, and that any irregularities can be addressed promptly.

When documentation is not submitted within required timelines, it increases the risk of inaccurate financial reporting, delayed reconciliations, and potential loss of receipts or supporting evidence. It also signals to employees that policy requirements may be flexible, which can erode the culture of accountability the City has been working to strengthen.

RECOMMENDATIONS

1.11.1 Supervisors should monitor documentation timeliness by reviewing transaction dates compared to receipt-upload timestamps and returning untimely submissions. Finance may supplement this with periodic reviews of aging documentation.

1.11.2 Departments should implement internal processes—such as weekly reminders from supervisors or administrative support staff—to ensure cardholders upload documentation within the two-week policy timeframe.

1.11.3 Require supervisors to review timeliness metrics during monthly reconciliations and follow up directly with employees who repeatedly fail to meet deadlines.

1.11.4 Include upload timeliness as a component of the City's quarterly P-Card compliance reporting to management and the City Council's Finance or Audit Committee.

1.11.5 Provide targeted refresher training for cardholders emphasizing the importance of timely documentation as part of their fiduciary responsibility in managing public funds. Reinforce that delayed uploads hinder transparency and increase administrative burden for Finance staff.

1.11.6 Establish accountability measures linking chronic untimeliness in documentation submission to performance evaluations. Persistent failure to submit documentation within the policy timeframe should be addressed as a performance issue and reflected in the employee's review.

1.11.7 Consider designating one Finance staff member to monitor and report on P-Card documentation timeliness monthly. This individual could coordinate with department heads to ensure that corrective actions are taken promptly when compliance issues are identified.

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2. EMPLOYEE TRAVEL AND REIMBURSEMENTS

The employee travel and reimbursement program was reviewed to assess Vineyard City's adherence to its Travel Policy and to evaluate whether internal controls, documentation standards, and approval processes are functioning effectively to ensure accountability, compliance, and transparency in the use of public funds. The review focused on both policy design and operational execution and included testing of 35 travel transactions selected from a population of 437 transactions recorded during fiscal years 2023 and 2024.

The testing concentrated on key control elements such as pre-travel authorization, supervisory approval, documentation of purpose and destination, lodging and transportation support, per diem accuracy, and the timely completion and submission of reimbursement forms. Specific attention was given to verifying that all travel was approved in advance as required by policy, that expenditures were properly supported by itemized receipts or invoices, and that any travel-related P-Card transactions were tax-exempt and consistent with policy limitations.

The review revealed that Vineyard City's travel reimbursement process remains largely manual, decentralized, and inconsistently documented. Several transactions lacked required travel forms, while others were supported only by booking confirmations or incomplete hotel folios. In some cases, reimbursements were processed without adequate supervisory review or after travel had already occurred. Documentation for flights, rental cars, and per diem calculations also varied significantly in completeness and accuracy.

RECURRING THEMES EMERGED ACROSS THE TESTING RESULTS:

- Authorization and Planning: Many travel arrangements were approved after the fact, with insufficient documentation of the travel purpose or cost estimates prior to travel.

- Documentation Completeness: Supporting records such as lodging folios, flight confirmations, and rental car invoices were often missing, incomplete, or insufficiently detailed to verify appropriateness.

- Supervisory Oversight: Approvals were inconsistent, and some forms lacked department-head signatures or required secondary authorization.

- Timeliness and Accountability: Late submission of forms and missing support delayed reconciliations and diminished transparency.

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Collectively, these issues indicate the need for stronger administrative structure, clearer procedural guidance, and better use of automation to support compliance. They do not suggest intentional misuse of funds but point to systemic weaknesses that could lead to errors, inefficiencies, or public concern regarding transparency.

The recommendations that follow in this section are designed to strengthen policy compliance, improve consistency in documentation and review, and reinforce the City's culture of accountability. By formalizing pre-authorization, enforcing timely submission standards, and ensuring thorough documentation of travel-related expenditures, Vineyard City can improve operational discipline and safeguard the integrity of its travel program.

OBSERVATION 2.1: INCOMPLETE OR INSUFFICIENT TRAVEL DOCUMENTATION

Vineyard City's Travel Policy requires that all travel-related expenditures be supported by itemized, verifiable documentation. This includes lodging folios, flight itineraries, rental car agreements, registration invoices, and accurate per diem calculations. Complete documentation ensures transparency, compliance, and proper reconciliation of travel costs.

Testing identified multiple instances of incomplete or missing documentation across several travel components. Supporting records often consisted only of booking confirmations or payment summaries rather than itemized receipts. Lodging receipts frequently lacked final folios, flight confirmations omitted traveler names or return dates, rental car documentation failed to show rates or rental periods, and per diem calculations were occasionally incorrect or unsupported. These deficiencies reflect inconsistent adherence to policy and limited supervisory review before approval.

Incomplete or insufficient documentation weakens the City's ability to verify that travel costs were necessary, accurate, and compliant with policy. It increases the risk of overpayment, tax errors, or reimbursement for unallowable expenses, and it diminishes public confidence in the City's financial stewardship.

RECOMMENDATIONS

2.1.1 Reaffirm that all travel reimbursements must include itemized receipts and documentation for lodging, airfare, rental cars, registration, and meals. Booking confirmations alone should not be accepted.

2.1.2 Implement a standardized Travel Documentation Checklist in the reimbursement form or electronic workflow to ensure that all required attachments are submitted before approval.

2.1.3 Require supervisors to verify the completeness and accuracy of supporting documentation and return incomplete submissions for correction prior to approval.

2.1.4 Supervisors should refuse approval for any travel reimbursement lacking sufficient required documentation. Finance should incorporate documentation-completeness checks into periodic travel-expense reviews.

2.1.5 Provide periodic training for employees and approvers on required documentation standards and accurate per diem calculations.

2.1.6 Conduct quarterly Finance reviews of a sample of travel reimbursements to confirm documentation sufficiency and report exceptions to management for corrective action.

OBSERVATION 2.2: MISSING, LATE, OR INCOMPLETE TRAVEL REIMBURSEMENT FORMS

The travel reimbursement form serves as the foundation for documenting travel authorization, purpose, destination, cost, and approval. It ensures consistent accounting, provides an audit trail, and confirms supervisory oversight. The City's policy requires that completed forms and supporting documentation be submitted within two weeks of travel completion.

Testing revealed multiple cases in which forms were missing, submitted weeks late, or incomplete. Some lacked essential fields such as trip purpose, dates, or supervisory signatures. Others were submitted long after travel occurred, delaying reconciliation and limiting management's ability to verify expenditures. The City's current processes do not include automated tracking of form completion or timeliness.

Late, missing, or incomplete forms undermine accountability and weaken a key component of the City's internal control structure. Without complete, timely forms, management cannot confirm that travel was pre-approved, budgeted, and consistent with policy, creating administrative inefficiency and reputational risk.

RECOMMENDATIONS

2.2.1 Require that all City-funded travel be supported by a completed and approved reimbursement form, finalized within two weeks of travel completion.

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2.2.2 Implement electronic submission of travel forms in Spend Clarity or a comparable platform with timestamps for submission and approval dates.

2.2.3 Configure automated email reminders for employees and supervisors when forms are approaching or past their submission deadline.

2.2.4 Incorporate timeliness and completeness metrics into quarterly travel compliance reporting to management and the City Council's Audit or Finance Committee.

2.2.5 Require departments with recurring late or incomplete submissions to develop corrective action plans.

2.2.6 Link repeated noncompliance with submission deadlines to employee performance evaluations to reinforce accountability and adherence to policy.

OBSERVATION 2.3: LACK OF PRE-TRAVEL AUTHORIZATION AND ADVANCE APPROVAL

Vineyard City's Travel Policy requires that all travel be authorized in advance to ensure that trips are necessary, cost-effective, and budgeted. Pre-authorization allows management to review proposed travel before public funds are committed and to verify alignment with City priorities.

Testing revealed multiple cases where travel authorization occurred only after travel had already taken place. Some reimbursement forms were completed post-travel, while others lacked any indication of pre-approval. In many cases, employees appeared to view the reimbursement form as a post-travel reporting document rather than a preventive control. The absence of documented pre-authorization undermines the purpose of managerial review and shifts the control from proactive to reactive.

Without formal pre-travel authorization, the City loses an essential oversight mechanism. This practice increases the risk of unbudgeted or unnecessary expenditures and weakens fiscal discipline. It also reduces transparency to the public and governing bodies, who rely on evidence of pre-approval to ensure that travel is managed responsibly.

RECOMMENDATIONS

2.3.1 Require written pre-travel authorization for all City-funded trips, approved by both the supervisor and department head before any reservations or payments are made.

2.3.2 Include estimated costs, funding source, and business justification on the authorization form.

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2.3.3 Supervisors or department administrative staff should remind travelers when reimbursement forms are due or overdue. Finance should periodically review timeliness and follow up with departments exhibiting recurring delays.

2.3.4 Require that any exceptions (e.g., emergency travel) be documented in writing, approved by the Finance Director, and retained for audit purposes.

2.3.5 Provide periodic training to employees and supervisors emphasizing that pre-authorization is a safeguard—not a formality—that ensures public funds are spent appropriately and transparently.

OBSERVATION 2.4: MISSING SUPERVISORY AND DEPARTMENT HEAD APPROVALS

Supervisory and department-head approvals are essential for ensuring proper oversight, accountability, and budgetary control over travel expenditures. The City's policy requires that both levels of review occur before any travel reimbursement or payment is processed.

Testing identified multiple instances where travel forms and related expenses lacked one or both levels of approval. Some forms reflected approvals by administrative staff or peers instead of department heads, while others showed no approval at all. The approval workflow in Spend Clarity did not consistently enforce hierarchical authorization, allowing transactions to proceed without required review.

The lack of documented supervisory and department-head approvals reduces the effectiveness of internal controls, increases the potential for unauthorized travel spending, and creates inconsistency in how departments apply oversight. It also weakens management's ability to ensure that travel aligns with organizational priorities and approved budgets.

RECOMMENDATIONS

2.4.1 Finance should ensure approval assignments reflect policy by periodically verifying that each employee has both supervisory and department-head review levels assigned.

2.4.2 Require supervisors to verify that documentation is complete and compliant with policy before granting approval.

2.4.3 Supervisors should monitor pending transactions to ensure all required approvals occur before reimbursement is processed. Departments may use internal reports or checklists to track approval completeness.

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2.4.4 Provide training clarifying the roles of supervisors and department heads in the approval process, emphasizing that authorization is a substantive control to ensure accountability.

2.4.5 Include approval compliance metrics in quarterly Finance reports to management and the Audit Committee. Departments with recurring exceptions should be required to develop corrective measures.

OBSERVATION 2.5: IMPROPER PAYMENT METHODS FOR TRAVEL EXPENSES

City policy specifies that certain travel-related costs—such as conference registrations, training fees, and event payments—should be processed through the accounts payable system rather than by purchasing card (P-Card). This ensures proper vendor tracking, budget control, and documentation consistency.

Testing revealed that several conference registrations and training-related fees were paid using City P-Cards, bypassing the standard accounts payable process. While these charges appeared legitimate, this practice undermines the control framework designed to ensure oversight and transparency in vendor payments. It can also result in inconsistent budget tracking and limited visibility for management and auditors.

Employees appear to favor using P-Cards for convenience, particularly when registration portals accept only card payments. However, the policy requirement exists to preserve fiscal control and ensure that pre-approval, documentation, and payment authorization occur in accordance with best practices.

Improper payment methods blur the distinction between incidental purchases and planned expenditures requiring more formal oversight. Continued inconsistency in this area exposes the City to unnecessary control risk and reduces the clarity of financial reporting.

RECOMMENDATIONS

2.5.1 Reaffirm that all conference registrations, training fees, and similar travel-related expenses must be processed through accounts payable unless an exception is formally approved by the Finance Director.

2.5.2 Finance should periodically review P-Card activity for travel-registration vendors and follow up with cardholders when such charges should have been processed through accounts payable. Supervisors should reinforce proper payment channels during pre-travel discussions.

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2.5.3 Provide targeted training emphasizing that convenience should not override transparency and adherence to established financial controls.

2.5.4 Require Finance to periodically review P-Card transactions for registration-related charges and follow up on any noncompliant payments.

2.5.5 Establish a limited exception process for legitimate same-day or online-only registrations, requiring written justification and documentation uploaded to Spend Clarity.

3. CASH HANDLING AND DEPOSITS

The review of Vineyard City's cash handling and deposit processes was conducted to evaluate whether internal controls are sufficient to safeguard cash, ensure timely deposits, and maintain accurate accounting records in compliance with best practices for public-sector financial management. The objective was to determine whether policies, procedures, and segregation of duties effectively protect public assets against loss, misuse, or misappropriation.

Testing and interviews indicated that Vineyard City does not currently maintain a formal, written Cash Handling Policy governing the acceptance, custody, deposit, or reconciliation of cash. Existing practices are largely informal, relying on institutional knowledge rather than documented procedures or standardized controls. While staff demonstrate strong commitment to accuracy and integrity, the absence of structured policies and independent oversight increases vulnerability to both error and potential misuse.

Several significant control gaps were observed, including delayed deposits, inadequate segregation of duties, lack of dual verification of deposits, and the absence of unannounced cash counts or independent reconciliations. In addition, incidental cash receipts from non-routine sources, such as metal recycling proceeds, were not integrated into the City's formal receipting system or subject to dual custody controls. These weaknesses indicate that cash handling relies heavily on trust and routine rather than on systematic controls designed to prevent or detect irregularities.

RECURRING THEMES IDENTIFIED ACROSS TESTING INCLUDE:

- Lack of Formalized Procedures: The City has no written policy establishing responsibilities, documentation requirements, or timelines for deposits and reconciliations.

- Segregation of Duties and Oversight: Key cash-handling functions are concentrated among a small number of employees, with limited independent verification or review.

- Timeliness and Documentation: Deposits were not consistently made within the expected timeframe, and documentation supporting certain cash receipts was incomplete or informal.

- Monitoring and Enforcement: There are no periodic or unannounced cash counts, and bank dual-signature controls were not consistently applied or enforced.

Although no evidence of misappropriation was identified, these conditions collectively represent material control weaknesses that could allow errors or irregularities to go undetected. Establishing a formal policy framework and strengthening oversight mechanisms will help ensure that the City's cash handling and deposit processes meet the standards expected of a public entity entrusted with taxpayer funds.

The following observations and recommendations are intended to provide a framework for improving control design, accountability, and transparency in the City's cash-handling operations.

OBSERVATION 3.1: NO FORMAL CASH HANDLING POLICY

Vineyard City does not currently maintain a formal, written Cash Handling Policy outlining responsibilities, procedures, and internal controls for the receipt, safeguarding, and deposit of cash. Instead, practices are largely informal and rely on employee experience and institutional knowledge. While the small volume of cash activity has historically limited exposure, the lack of codified standards creates inconsistency in how cash is handled across departments and prevents the City from demonstrating compliance with best practices in public financial management.

The absence of formalized guidance results in staff applying their own interpretations of appropriate procedures for receipting, depositing, and reconciling funds. For example, there are no written requirements defining custody responsibilities, deposit timelines, dual verification, documentation standards, or segregation of duties. As a result, control activities such as deposit preparation, reconciliation, and independent verification are performed inconsistently or omitted altogether.

This condition stems primarily from the City's historical reliance on a small, trusted finance team and an assumption that low transaction volumes did not warrant formalized controls. However, as the City continues to grow and expand its operations, the absence of a documented policy introduces significant risk. Without clear expectations and standardized procedures, even experienced staff may inadvertently bypass key safeguards, and new employees will lack a framework for consistent application of controls.

A written Cash Handling Policy is a cornerstone of sound financial governance. It establishes accountability, ensures compliance with state law, and demonstrates to

taxpayers and oversight bodies that the City has adopted controls to prevent and detect misappropriation or misuse of funds. Implementing a formal policy will also help ensure continuity of operations during staff turnover or transitions.

RECOMMENDATIONS

3.1.1 Develop and adopt a formal Cash Handling and Deposit Policy approved by the City Council. The policy should clearly define roles, responsibilities, and required controls for all employees involved in cash collection, custody, deposit, and reconciliation.

3.1.2 The policy should clearly outline the City's expectations for how cash is handled from receipt through deposit, including a requirement that all funds be deposited within two business days and that dual custody be maintained whenever cash is counted or transported. It should also specify the documentation and receipting standards employees must follow, establish appropriate segregation of duties along with independent verification steps, and define reconciliation timelines and review responsibilities. In addition, the policy should address both physical and electronic security requirements to ensure that all cash, records, and related systems are properly safeguarded.

3.1.3 Require that all departments handling cash or checks adhere to the same policy framework, ensuring uniformity across City operations.

3.1.4 Review the policy at least every three years, or more frequently as operational changes occur, to ensure it remains current with best practices and applicable laws.

3.1.5 Provide mandatory staff training upon adoption and during onboarding for any employee involved in handling or depositing funds.

3.1.6 Make compliance with the policy part of the City's ongoing internal monitoring program and include periodic verification during Finance's quarterly internal control reviews.

OBSERVATION 3.2: INCOMPLETE SEGREGATION OF DUTIES & LACK OF INDEPENDENT DEPOSIT VERIFICATION

Vineyard City's cash-handling and deposit process lacks adequate segregation of duties and independent verification. Key responsibilities such as, collection, custody, deposit preparation, and reconciliation, are primarily performed by the same two employees: the Treasurer and the Finance Director. This concentration of duties eliminates one of the most fundamental safeguards in cash management: independent review of each stage in the process.

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During the review, it was observed that deposits are typically prepared and taken to the bank by one individual without a second person verifying the count or accompanying the deposit. In addition, the reconciliation of those deposits is completed by staff directly involved in the original handling of the cash, rather than by someone independent of that function. While both employees are highly trusted and demonstrate diligence in their work, the absence of separation creates a single point of vulnerability that could allow an error or irregularity to go undetected.

This condition appears to have developed as a byproduct of the City's historically small finance staff and the practical need to balance limited resources. However, even in smaller organizations, it is essential that duties be structured to prevent one individual from having control over all stages of a transaction, from receipt to reconciliation. Without independent oversight, controls rely solely on personal integrity and institutional trust rather than verifiable evidence.

Failure to maintain proper segregation of duties exposes the City to increased risk of misappropriation, error, or manipulation of records. It also undermines transparency, as management and auditors cannot obtain independent assurance that all cash received was properly deposited and recorded.

RECOMMENDATIONS

3.2.1 The City should redesign its cash-handling workflow so that key responsibilities are divided among different employees and no single individual controls the entire process from start to finish. At a minimum, one employee should be responsible for receiving and recording incoming cash or checks, a second employee should independently verify the amounts and prepare the bank deposits, and a third person—who is not involved in either of the first two steps—should review the deposits and reconcile them to the accounting records. This separation of duties will provide stronger oversight and reduce the risk of errors or misuse going undetected.

3.2.2 Require dual custody for all deposits. Two employees should count, verify, and sign off on each deposit prior to transport to the bank, maintaining a documented chain of custody.

3.2.3 Implement an Independent Deposit Verification Log in which a non-cash-handling employee reviews the bank deposit slip, verifies the amount against receipts, and initials the verification.

3.2.4 Where full segregation is not operationally feasible, establish compensating controls such as periodic management review, rotation of duties, and unannounced audits of deposit documentation.

3.2.5 Incorporate segregation-of-duties testing into the City's annual internal control review and require the Finance Director to report any exceptions or limitations to management and the Audit Committee.

3.2.6 Provide staff training emphasizing the importance of separation of duties as a preventive control rather than a reflection of trust in individual employees.

OBSERVATION 3.3: DELAYED DEPOSITS AND UNSCHEDULED METAL RECYCLING CASH RECEIPTS

Vineyard City's cash-handling practices do not consistently ensure that cash receipts are deposited within an appropriate timeframe or through controlled and documented procedures. The City does not have a defined deposit timeline, and actual deposit activity varied, with one deposit occurring 11 days after collection. Management attributed this delay to staffing circumstances at the time, during which the employee responsible for making deposits was unavailable and the receipted funds were not deposited until their return. Additionally, cash proceeds from metal recycling activities performed by Parks and Public Works personnel (commonly referred to as "MCR cash") were handled informally, outside of standard receipting procedures and without adequate documentation or dual custody.

Testing and inquiry confirmed that while most operational receipts were deposited intact, delays in deposit preparation and bank delivery could happen. The absence of written policy guidance or monitoring procedures resulted in inconsistent interpretation of how quickly deposits should be made. These delays, combined with informal handling of MCR cash, significantly increase the risk of loss, theft, or misappropriation.

The recycling cash issue, in particular, represents a material gap in the City's internal control framework. These funds were collected and occasionally delivered to Finance without standard documentation, receipts, or verification. Employees reported that such proceeds were typically small and infrequent, but the lack of dual custody or formal tracking leaves no independent evidence that all amounts received were properly recorded and deposited.

These conditions reflect a broader control weakness stemming from the absence of a formal cash-handling policy (Observation 3.1) and incomplete segregation of duties (Observation 3.2). Even though the amounts involved may be modest, the handling of public funds outside established systems erodes transparency and accountability. In the public sector, controls over cash must be designed to prevent even the appearance of impropriety.

RECOMMENDATIONS

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3.3.1 Establish and enforce a formal deposit timeline requiring that all receipts of cash or checks be deposited no later than two business days following collection, in accordance with best practices and Utah Code §51-4-2 (Deposit of Public Funds).

3.3.2 Require that all deposits be made intact, meaning the full amount collected is deposited without offsetting expenditures, transfers, or withdrawals.

3.3.3 Document every instance of cash receipt, including source, amount, and date received. All collections should be supported by pre-numbered receipts or electronic records maintained by Finance.

3.3.4 Prohibit employees from informally handling or transporting funds outside of the City's established receipting process. Metal recycling proceeds and similar one-off cash collections should be processed as formal City receipts with supporting documentation and dual verification.

3.3.5 Require dual custody for all cash deposits. At least two employees should verify and sign off on each deposit, maintaining a written or electronic chain of custody.

3.3.6 Conduct periodic internal reviews comparing receipt logs, deposit slips, and bank records to ensure compliance with timeliness and completeness standards.

3.3.7 Provide targeted training to all departments that occasionally handle cash (e.g., Parks, Public Works, Utilities) to reinforce that all collections, regardless of amount or frequency, are subject to the same controls and documentation requirements as standard revenue receipts.

OBSERVATION 3.4: NO SURPRISE OR INDEPENDENT CASH COUNTS

Vineyard City does not conduct periodic, unannounced, or independently performed cash counts of safes, cash drawers, or petty cash funds. Routine cash-handling activities are performed by the same employees responsible for preparing deposits and reconciling accounts, with no secondary verification by someone outside of daily operations. This lack of independent oversight reduces the City's ability to detect irregularities or verify that recorded balances agree to actual cash on hand.

Surprise cash counts are a widely recognized internal control best practice and are specifically recommended by the Utah State Auditor's Office and the Government Finance Officers Association (GFOA) as part of an effective cash-handling program. Independent counts not only detect potential errors or discrepancies but also serve as a deterrent to misappropriation by reinforcing the City's commitment to transparency and accountability.

It is important to note that the City's current cash holdings are immaterial, typically less than $100 in cash on hand, used mainly for making change when necessary, along with a small quantity of commemorative gold coins awarded to winners of the City's annual race.

Although the amounts are minimal, the absence of formal verification or periodic independent counts still represents a procedural gap. As Vineyard continues to grow, both in population and operational scope, the volume and materiality of cash transactions will likely increase. Establishing sound habits and oversight practices now will help the City strengthen its control environment and prevent future risks of fraud, waste, or abuse.

Even for small balances, the lack of documented independent counts limits management's ability to confirm that all funds are present and accounted for.

Implementing this control will reinforce a culture of accountability and demonstrate to the public and oversight bodies that the City maintains a proactive stance toward safeguarding assets.

RECOMMENDATIONS

3.4.1 Establish a formal requirement within the City's Cash Handling Policy for periodic and unannounced cash counts of all safes, petty cash funds, and other locations where cash or coins are maintained.

3.4.2 Assign responsibility for performing these counts to an employee or official who is not involved in daily cash-handling or reconciliation activities. When staffing constraints exist, consider cross-departmental verification or periodic review by the Finance Director or City Manager.

3.4.3 Develop a standardized Cash Count Form documenting the date, participants, location, total amount verified, and any variances identified. Both the reviewer and the custodian should sign and retain the completed form for audit purposes.

3.4.4 Require that all variances be promptly investigated and documented, with results reported to the Finance Director and, if appropriate, the City Council or Audit Committee.

3.4.5 Even though current cash balances are immaterial, adopt this process now as a proactive control. Establishing consistent, well-documented verification practices will strengthen the City's internal control foundation and prepare it for future growth in both operational activity and financial complexity.

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3.4.6 Provide training to Finance and departmental staff on the purpose and process of independent cash counts, emphasizing that these reviews protect both employees and the City by ensuring that funds are consistently accounted for and safeguarded.

OBSERVATION 3.5: DEPOSITS NOT INDEPENDENTLY RECONCILED

Cash and check deposits are reconciled monthly, but the process is performed by individuals who are also involved in the collection, custody, and deposit of funds. This lack of independence limits the effectiveness of the reconciliation process as a control designed to detect errors, omissions, or irregularities. A proper reconciliation should be performed by someone who does not handle or have custody of cash, ensuring that recorded deposits match both accounting records and bank statements without bias or conflict of interest.

Testing confirmed that the Treasurer and Finance Director, who prepare and deliver deposits, also reconcile the corresponding activity in the City's accounting records. While the reconciliations are completed diligently, they do not provide independent verification because they are performed by the same individuals responsible for the underlying transactions. Without separation of duties or secondary review, the City's reconciliations function more as an administrative task than as an internal control.

This condition appears to result from limited staffing capacity and the absence of formalized procedures assigning reconciliation responsibilities to someone outside of daily cash-handling activities. However, even in small organizations, independence in the reconciliation process is critical to ensuring integrity of financial reporting. A simple, periodic review by an employee or manager not directly involved in handling funds can provide a significant safeguard against undetected discrepancies or irregularities. Lack of independent reconciliation increases the risk that errors or misstatements could go unnoticed. It also undermines transparency and reduces management's ability to demonstrate that cash-handling processes are subject to oversight and verification.

RECOMMENDATIONS

3.5.1 Assign responsibility for monthly cash and deposit reconciliations to an employee who is not involved in cash collection, deposit preparation, or transport to the bank.

3.5.2 Require that reconciliations be reviewed and signed off by the Finance Director or another designated official independent of daily cash-handling duties, confirming that balances agree between accounting records and bank statements.

3.5.3 Develop a standardized Deposit Reconciliation Form documenting key review steps, including verification of deposit dates, amounts, and account coding.

3.5.4 Implement a monthly or quarterly reconciliation review checklist for management oversight, requiring written confirmation that reconciliations were completed, reviewed, and free of unresolved differences.

3.5.5 Where full segregation of duties is not operationally feasible, establish compensating controls such as periodic peer review, rotation of reconciliation responsibilities, or independent verification by the City Manager or external accountant.

3.5.6 Include independent reconciliation as part of the City's annual internal control self-assessment and report the results to the Audit or Finance Committee.

OBSERVATION 3.6: PRIOR DIRECTOR'S UNSECURED CASH BOX

In December 2023, following the departure of the City's former Finance Director, staff discovered an unsecured cash box containing undeposited funds with no accompanying documentation or custody records. The cash box was located in his office but was not logged, assigned to a custodian, or associated with any official City account. The discovery did not occur as part of this review but was instead identified during the transition of duties following the prior director's separation from City employment, however its deposit was one of our sampled deposit transactions.

Although the funds were immaterial in amount and were subsequently accounted for and deposited by staff, the absence of documentation or formal custody illustrates how informal handling of cash can create confusion and control gaps. Without clear records, the City cannot verify when the funds were received, their source, or their intended purpose. Even small, isolated lapses in cash-handling discipline can undermine confidence in the City's financial oversight processes.

The condition appears to have originated from a lack of formal procedures governing the authorization, documentation, and custody of any cash held on premises. This finding underscores the importance of institutionalizing clear rules and recordkeeping standards to ensure that no funds are maintained outside the City's official accounting and reconciliation framework.

While this incident is historical and does not reflect current practices, it provides a valuable lesson for the City as it strengthens its internal controls. Establishing well-defined custody requirements now will help prevent similar issues during future leadership transitions and reinforce the City's commitment to transparency and accountability.

RECOMMENDATIONS

3.6.1 Incorporate into the City's formal Cash Handling Policy a requirement that all physical cash or coin held on-site must be logged, assigned to a custodian, and secured in a locked safe or cabinet.

3.6.2 Require each cash box, petty cash fund, or change fund to have a documented custodian and authorized dollar limit, with any changes in custody approved by the Finance Director and recorded in City records.

3.6.3 Prohibit employees from maintaining personal or undocumented cash boxes, even for small or temporary purposes. All funds received on behalf of the City must be formally receipted, deposited, or otherwise recorded in the accounting system.

3.6.4 Conduct a one-time verification across all City departments to ensure no other cash, change funds, or similar balances are maintained outside of formal processes. Document and secure all funds accordingly.

3.6.5 Include cash custody verification as part of the City's annual internal control self-assessment, with periodic spot checks to ensure ongoing compliance.

3.6.6 Provide training to staff and department heads emphasizing that all cash, regardless of amount, must be properly documented and safeguarded. Reinforce that formal procedures protect both employees and the City by ensuring a clear chain of accountability.

OBSERVATION 3.7: DUAL-SIGNATURE CONTROL NOT ENFORCED

Vineyard City's check stock includes printed language indicating that all checks exceeding $25,000 require two authorized signatures. This note is intended as an internal reminder of the City's policy, emphasizing the importance of dual approval for large disbursements. However, while reconciling deposits and reviewing bank activity during fieldwork, it was observed that at least one check exceeding the $25,000 threshold cleared the bank with only a single signature.

Although the review of check-signing controls was not included within the formal scope of the agreed-upon procedures engagement, the audit team—consistent with normal professional habit and good practice—remained alert to indicators of potential control weaknesses during reconciliation testing. The single-signature check was considered significant enough to include here as a supplemental observation due to its implications for financial oversight and reliance on non-existent controls.

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Discussions with Finance staff indicated that there was a long-standing belief that the bank would automatically reject or flag any check over $25,000 that did not contain two authorized signatures. In reality, the bank has never been instructed or contractually obligated to perform such a review. The printed statement on the check stock serves only as an internal reminder and does not create an enforceable control mechanism at the bank level. Consequently, the City has been relying on a safeguard that does not actually exist.

This misunderstanding introduces risk because management and staff may assume that the dual-signature requirement is externally enforced when, in practice, it depends entirely on internal compliance. When organizations place reliance on controls that are not actually in place, they create a false sense of security and may fail to detect errors or irregularities in a timely manner.

While the transaction in question appeared legitimate, the incident highlights a broader need for the City to periodically verify that critical control expectations are not only defined but also operating as intended—both internally and through any third-party institutions involved in financial processing.

RECOMMENDATIONS

3.7.1 Clarify internally that the printed statement on the City's check stock is not an enforceable bank control and that the bank does not monitor or reject checks based on the number of signatures.

3.7.2 Establish internal procedures ensuring that checks exceeding $25,000 are verified for dual signatures prior to release or mailing.

3.7.3 Review the City's banking resolution, signature cards, and account agreements to ensure they accurately reflect authorized signers and that expectations for dual approval are fully documented as internal policy, not assumed bank responsibility.

3.7.4 Implement a periodic management review of cleared check images for high-value disbursements to verify adherence to the dual-signature policy.

3.7.5 Document any exceptions identified and report them to the Finance Director and City Manager for follow-up and corrective action.

3.7.6 Provide staff training emphasizing that reliance on external enforcement of internal policies—particularly when such enforcement does not exist—creates unnecessary

exposure to fraud, waste, and abuse. Internal controls must always be actively maintained, verified, and independently monitored by the City.

4. UTILITY BILLING AND METER VERIFICATION

The review of Vineyard City's utility billing and meter-related accounts was conducted to evaluate whether charges assessed to City-owned and City-operated facilities were accurate, properly supported, and reasonably aligned with the physical assets and infrastructure to which they relate. The purpose of this work, performed under the Agreed-Upon Procedures (AUP) engagement, was to verify the completeness and correctness of account information—including service locations, asset ownership, rate application, and billing history—for water, sewer, and storm-drain services. The procedures focused on determining whether accounts billed to the City correspond to actual City facilities, whether billing data was internally consistent, and whether usage and rate information appeared reasonable based on available records.

Testing included a detailed review of 41 utility billing accounts, of which 39 contained billing activity during fiscal years 2023 and 2024. Addresses were verified using mapping tools where possible, parcel ownership was confirmed through Utah County property records, and meter locations were matched to known City-owned features such as parks, lift stations, irrigation systems, and ponds. Billing histories were also evaluated—including base charges, usage charges, rate changes, and adjustments—and reconciled to the general ledger without exception.

While no errors or irregularities were identified in the billing calculations or general ledger reconciliation, the procedures revealed several structural and documentation issues affecting the City's ability to maintain a formalized, transparent, and audit-ready utility billing framework. Notably, Vineyard City does not maintain a formal written utility billing policy or fee schedule for the period tested. Several accounts lacked physical addresses, parcel numbers, or identifying documentation, and rate adjustments or late-fee reversals were handled manually without written procedures. In addition, multiple accounts relate to non-parcel municipal infrastructure, requiring additional staff explanations to verify account purpose.

Although the billing tested was internally consistent and no anomalous usage patterns were identified, the absence of formal policy documentation, standardized account descriptions, and structured procedures for adjustments represent opportunities to strengthen the City's internal controls and ensure long-term reliability and transparency in utility billing practices.

The following observations and recommendations are intended to support Vineyard City in establishing a more formal and complete billing governance structure, improving documentation standards, and enhancing clarity regarding City-owned utility accounts.

OBSERVATION 4.1: ABSENCE OF A FORMAL UTILITY BILLING POLICY OR DOCUMENTED FEE SCHEDULE

Vineyard City does not maintain a formal, written utility billing policy or an officially adopted fee schedule governing water, sewer, or storm-drain rates for the period tested. As a result, the procedures performed under the AUP engagement were limited to verifying internal consistency among the billing records provided, rather than confirming the accuracy of charges against an authoritative or publicly approved rate framework. The absence of a published fee schedule also restricts the City's ability to demonstrate transparency to residents and makes it difficult to determine whether rates have changed over time in accordance with established processes or governing body approval.

Without a formal policy document, the City lacks written guidance defining account classifications, billing practices, adjustment procedures, late-fee protocols, service-address documentation requirements, and roles and responsibilities for maintaining utility billing records. This condition relies heavily on institutional knowledge and creates operational vulnerability when staffing changes occur. It also limits the City's ability to ensure consistent treatment of similar accounts, maintain historical continuity, or evaluate whether billing practices align with the City's intended cost-recovery model.

In addition, the absence of an adopted fee schedule creates challenges for both internal and external stakeholders. Residents, staff, and elected officials cannot easily verify current rates, determine the basis for billed charges, or identify when and why rate adjustments occur. Staff indicated that rate changes and late-fee adjustments were manually corrected in the system as needed, but without written criteria or an established approval process, the City cannot demonstrate consistent application or oversight of these changes.

A documented utility billing policy and fee schedule are foundational elements of a transparent and well-controlled billing system. Their absence increases the risk of inconsistent practices, reduces auditability, and limits the City's ability to demonstrate compliance with expected public-sector standards for rate administration and billing governance.

RECOMMENDATIONS

4.1.1 Develop and adopt a formal Utility Billing Policy addressing key elements such as account classifications, documentation standards, adjustment procedures, billing timelines, staff responsibilities, service-address requirements, and approval processes for corrections or reversals. Ensure the policy is reviewed and adopted by City leadership.

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4.1.2 Establish and publicly adopt an official fee schedule of water, sewer, and storm-drain rates—including base charges, usage tiers, seasonal factors, and any associated fees—and present it to the governing body for approval. Publish the schedule on the City's website and update it as rates change.

4.1.3 Document rate-change and adjustment procedures defining who may authorize rate modifications or late-fee reversals, what documentation is required, and how changes are recorded in the billing system. Require supervisory approval for all adjustments above established thresholds.

4.1.4 Align billing records with the approved fee schedule, reconcile all active accounts to ensure that base rates, usage rates, and classifications are consistent with the approved structure. Address discrepancies through documented corrections.

4.1.5 Provide staff training for employees involved in utility billing, receipting, or customer service on the requirements of the policy and the application of the fee schedule. Review the policy annually to ensure continued relevance as the City grows and its utility infrastructure expands.

OBSERVATION 4.2: INCOMPLETE OR MISSING SERVICE ADDRESSES AND ASSET IDENTIFICATION

Testing identified that several utility billing accounts lacked complete physical address information, parcel identifiers, or clear asset descriptions. Of the 41 accounts reviewed, only 29 contained service addresses that could be verified using Google Maps, and two accounts contained no address information of any kind. For the remaining accounts, verification required reliance on staff explanations, informal mapping, or visual analysis of infrastructure such as lift stations, irrigation boxes, ponds, or pump stations. In multiple cases, the account descriptions provided in the billing records were too vague to independently confirm the asset's location or purpose without additional guidance from City personnel.

These conditions likely stem from the unique nature of municipal infrastructure—many City-owned utility accounts relate to non-parcel improvements that do not have standard street addresses or county parcel numbers. However, the absence of a consistent method for documenting service locations, assigning identifiable names, or linking accounts to GIS or asset-management records limits the City's ability to maintain long-term continuity, support turnover in staff, or independently verify whether billing activity corresponds to appropriate City facilities. Over time, undocumented account descriptions may cause confusion about the asset being billed, particularly as new staff assume responsibility for managing utility billing or public works operations.

Incomplete address and asset data also reduce auditability. When account purposes cannot be independently verified, testing becomes dependent on staff knowledge rather

than record-based evidence, creating vulnerabilities where institutional memory is the only source of truth. These weaknesses do not suggest inappropriate billing but indicate that clearer documentation is needed to support long-term controls, transparency, and operational readiness.

RECOMMENDATIONS

4.2.1 The City should establish standardized naming conventions and consistent descriptive practices for all utility accounts, especially those without parcel numbers. Each account should use clear identifiers—such as asset type, facility name, GIS coordinates, or nearest cross-streets—so that the location and function of the account can be readily understood.

4.2.2 Every utility account should also include a mappable service location. When a traditional address is unavailable, the City should require alternative documentation such as GPS coordinates, facility maps, or references to asset-management records to ensure that each account can be independently located in the future.

4.2.3 To improve long-term traceability, the City should integrate all utility billing accounts with its asset-management and GIS systems by linking each account to an asset ID or GIS point feature. GIS layers should be updated to reflect all City-owned utility meters and service points so that Finance and Public Works can easily reference and reconcile accounts.

4.2.4 The City should complete a one-time cleanup of all existing utility accounts to correct missing information, standardize descriptions, and confirm that each account has a unique, verifiable identifier tied to a physical location or City asset. This will eliminate inconsistencies and prevent reliance on institutional memory.

4.2.5 Staff should maintain supporting documentation for accounts that do not have parcel numbers, including photos, maps, diagrams, or descriptive summaries of the asset. This information should be stored in a central file—digital or physical—accessible to both Finance and Public Works to ensure continuity and transparency as staff roles change over time.

OBSERVATION 4.3: LIMITED ABILITY TO VERIFY ASSET OWNERSHIP THROUGH PARCEL RECORDS

During testing, only four of the forty-one utility billing accounts could be directly matched to Vineyard City through Utah County parcel ownership records. The remaining accounts did not appear in parcel searches because they correspond to infrastructure assets that do not have traditional parcel designations—such as irrigation boxes, lift stations, pump stations, ponds, parks without defined parcels, or other facilities situated within

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easements, rights-of-way, or City-owned open space. As a result, verification of ownership, purpose, and appropriate billing relied heavily on staff knowledge, manual explanations, or visual review of satellite mapping rather than on official property data.

This condition is not unusual for municipal utility systems, but it indicates that the City's utility billing structure is not fully aligned with its asset-management or property-information systems. The absence of parcel-based identifiers or corresponding documentation limits the City's ability to confirm ownership using independent records and increases reliance on staff institutional knowledge, which becomes particularly vulnerable during turnover, system migrations, or periods of rapid growth. It also reduces auditability: external reviewers cannot independently confirm the legitimacy of charges without supplemental explanation or informal mapping.

Because parcel ownership records could not be used to validate most accounts, the City has reduced capacity to independently ensure that all billed accounts represent actual City assets and are appropriately categorized. Over time, without a structured method for linking utility meters to a master asset inventory, the risk increases that certain accounts may become difficult to identify, unnecessarily retained, or overlooked during asset transitions.

Although no exceptions were found during this AUP, strengthening the documentation linking utility meters to City assets will enhance long-term governance, continuity, and transparency of the utility billing process.

RECOMMENDATIONS

4.3.1 The City should create a central inventory that links all utility meters to their corresponding asset records. This database or register should connect each utility account to a specific City-owned asset—regardless of whether the asset is tied to a parcel—and should include fields such as the asset type, GPS coordinates, facility name, department owner, and meter identifier.

4.3.2 The City should coordinate with GIS staff to map all City-owned utility service points by adding each meter location as a GIS feature. This will allow staff to visually confirm ownership and service areas without relying solely on parcel data. The GIS layer should be updated periodically as new infrastructure is added or existing infrastructure is removed or relocated.

4.3.3 The City should establish clear documentation requirements for utility accounts that are not associated with a parcel number. For these infrastructure assets, supplemental materials such as engineering drawings, utility schematics, pump-station identifiers, or Public Works asset cards should be required to ensure accurate identification and long-term traceability.

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4.3.4 The City should ensure that its utility billing, asset management, and Public Works records remain consistent by conducting a reconciliation among all three systems. This process should verify that every asset is properly captured, assigned to the correct account, and accurately reflected across the utility billing system, the City's asset database, and the GIS layers.

4.3.5 The City should implement a periodic verification process to confirm ownership of all utility accounts. On an annual basis, staff should review all active accounts to ensure they correspond to existing City assets, remove or correct obsolete or ambiguous accounts, and promptly add new assets as they come online.

OBSERVATION 4.4: MANUAL ADJUSTMENTS AND LATE-FEE REVERSALS WITHOUT WRITTEN PROCEDURES

Testing identified several instances in which late fees were assessed and subsequently reversed, as well as accounts where rate adjustments or corrections were made manually within the billing system. City staff explained that these adjustments were performed when errors were identified or when timing differences in internal processing caused late fees to appear. However, no written procedures exist describing when adjustments should be made, who is authorized to make them, what documentation must accompany the correction, or how supervisory approval should be demonstrated.

Because Vineyard City does not maintain a formal utility billing policy or documented rate schedule, staff rely on informal practices and institutional knowledge to determine when billing errors have occurred and how they should be resolved. While the adjustments tested appeared reasonable and internally consistent, the lack of clear standards increases the potential for inconsistent application, incomplete documentation, or misunderstandings about the appropriate circumstances under which charges may be corrected. It also increases the risk that adjustments could be made without proper oversight, creating vulnerabilities in both transparency and accountability.

In the absence of written criteria, staff must exercise judgment without formal guardrails, and future employees may not apply the same reasoning or historical understanding. As the City continues to grow and billing volumes increase, the absence of structured guidance for resolving billing anomalies may also reduce efficiency and complicate the City's ability to respond to inquiries from residents, auditors, or Council members.

Although no inappropriate adjustments were identified during the AUP, the current process lacks the procedural structure expected in a modern municipal utility environment, where consistent, well-documented billing practices support public confidence and operational reliability.

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RECOMMENDATIONS

4.4.1 The City should establish formal procedures for processing billing adjustments and late-fee reversals. These procedures should describe when adjustments are appropriate by distinguishing between clerical errors, timing issues, customer disputes, and system corrections. Clear criteria will help ensure that staff handle corrections consistently and in accordance with an established framework.

4.4.2 The City should define explicit authorization requirements for adjustments, including approval thresholds. For example, all adjustments could require supervisor approval, while adjustments exceeding a certain dollar amount would need department-head approval. Each adjustment should be supported with documentation explaining the reason for the correction.

4.4.3 The City should require standardized documentation for every adjustment by implementing a correction form or electronic workflow that captures the reason for the adjustment, the original and corrected amounts, the date of the change, the employee who initiated it, and supervisory approval. This documentation should be uploaded to or retained within the utility billing system to maintain a complete audit trail.

4.4.4 The City should configure its billing software to track all adjustments with user identity, timestamps, and descriptive information. Maintaining system-logged records of adjustments will strengthen internal controls, support audit readiness, and improve historical transparency.

4.4.5 The City should provide training to relevant staff—including Finance, Utility Billing, and Public Works—on the new adjustment procedures once they are adopted. Training will help ensure consistent and accurate application of the requirements across all departments involved in the billing process.

4.4.6 The City should conduct periodic reviews of billing adjustments and late-fee reversals to monitor activity, identify trends, and ensure compliance with established procedures. These reviews should be performed by supervisory staff or the Finance Director and used to address recurring issues or systemic causes of billing corrections.

OBSERVATION 4.5: STRUCTURAL LIMITATIONS IN BILLING RECORDS FOR NON-PARCEL MUNICIPAL ASSETS

A significant portion of Vineyard City's utility billing accounts relate to municipal infrastructure that does not correspond to a traditional parcel—such as irrigation stations, ponds, lift stations, pump stations, or other facilities situated within rights-of-way or on open-space properties. Because these assets do not have standard street addresses or parcel numbers, the associated utility accounts do not contain common locational or

ownership identifiers. As a result, billing records for these accounts lack the structural information typically used to verify service locations, confirm ownership, or cross-reference accounts to a formal asset registry.

During testing, 31 of the 41 accounts could be reasonably matched to City assets through satellite imagery, staff explanations, or recognition of landmarks. However, these confirmations depended heavily on institutional knowledge rather than standardized documentation. The 8 remaining accounts required additional clarification from staff because the account descriptions were too generic, incomplete, or non-descriptive to independently identify the related asset. This reliance on staff knowledge creates a single-point-of-failure risk and reduces the City's ability to maintain a reliable, auditable record of utility service points over time.

In municipal environments where key facilities are dispersed, underground, or not tied to real property parcels, the absence of a structured framework for documenting account locations and purposes creates long-term challenges. Over time, asset improvements, meter relocations, staff turnover, or system changes may result in accounts becoming difficult to identify or reconcile. Moreover, incomplete records limit the City's ability to evaluate asset-specific costs, manage irrigation and water-use efficiency, or ensure full transparency in utility billing operations.

Although the AUP did not identify any incorrect or inappropriate charges related to these non-parcel accounts, the lack of structured asset linkages indicates a need for a more formalized method to document, track, and maintain billing information for municipal infrastructure that does not fit parcel-based conventions.

RECOMMENDATIONS

4.5.1 The City should develop a standardized documentation framework for all non-parcel utility accounts. This framework should use a consistent template that captures key information such as the asset type, nearest address or cross-street, GPS coordinates, Public Works asset identifier, the service purpose, and photographs or site diagrams. Standardizing these data fields will ensure that each account is uniquely and permanently identifiable.

4.5.2 The City should integrate all non-parcel utility accounts into its GIS and asset-management systems by assigning each utility meter and service point a GIS feature and a corresponding asset ID. This will allow staff to verify account locations visually, rather than relying on narrative descriptions or institutional memory, and will help maintain long-term accuracy.

4.5.3 The City should require Public Works to maintain and annually update documentation for non-parcel assets. As infrastructure changes—whether through

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installation of new meters, relocation of equipment, or retirement of existing assets—the associated account records and GIS information should be updated to ensure continued accuracy and completeness.

4.5.4 The City should create a cross-reference table linking utility billing accounts to City assets. This centralized reference file should be accessible to Finance, Public Works, and Utility Billing staff and should include the utility account number, asset ID, physical location documentation, the department responsible for the asset, and the billing services associated with each meter.

4.5.5 The City should periodically validate non-parcel accounts through field verification. Conducting walk-downs or site visits for a sample of accounts will help confirm that utility meters remain active, correctly assigned to the proper asset, and accurately documented within the billing, GIS, and asset-management systems.

OBSERVATION 4.6: LIMITED DOCUMENTATION FOR ACCOUNTS WITHOUT ACTIVITY

Testing identified two utility billing accounts that showed no billing activity during the period examined (FY23–FY24). These accounts lacked sufficient documentation to clearly identify their purpose, expected usage, or whether they were still active service points. Because no charges were assessed during the testing period, staff could not readily determine whether the accounts were intentionally inactive, temporarily suspended, associated with assets no longer in service, or simply maintained in the billing system without ongoing relevance.

The lack of activity on its own does not indicate an error; however, the absence of supporting documentation makes it difficult to determine whether the accounts remain necessary or should be retired. Without clear historical records or standardized asset-linkage documentation, the City must rely on staff recollection or manual investigation to determine whether non-active accounts correspond to physical meters still connected to infrastructure, meters that have been shut off, assets no longer in service, or accounts awaiting future reactivation.

Over time, maintaining accounts with no documentation or unclear purpose increases the risk of billing confusion, unnecessary administrative effort, and potential oversight gaps. In municipalities experiencing rapid growth—such as Vineyard City—service points may change frequently as infrastructure is added, removed, or repurposed. Without a formal process to periodically evaluate inactive accounts, meters may remain in the system long after their operational relevance has ended, creating inefficiencies and reducing the accuracy of the utility billing ledger.

While no inappropriate charges were identified in these inactive accounts, the lack of documentation supporting their purpose or expected status indicates a need for a

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structured review and maintenance process for all accounts that exhibit prolonged periods of inactivity.

RECOMMENDATIONS

4.6.1 The City should conduct a structured review of all inactive utility accounts by examining any account with no usage or billing activity in the past 12 to 24 months. This review should determine whether each account should remain active, be temporarily placed on hold, or be formally closed, and the results should be documented in a centralized record for future reference.

4.6.2 The City should require documentation explaining the purpose of any inactive or low-activity utility account. For accounts expected to remain inactive—such as seasonal irrigation meters—supporting notes should be added describing why the account has no current charges, its intended service purpose, and when or under what conditions it will resume activity.

4.6.3 The City should incorporate inactive-account review into its annual utility-billing cycle. As part of the yearly process, staff should review all zero-usage accounts to ensure they still correspond to active infrastructure and current service needs.

4.6.4 The City should align inactive accounts with GIS and asset-management records by cross-referencing each inactive account with Public Works asset lists or GIS entries. This will help confirm that a corresponding physical asset exists and that its operational status is accurately documented.

4.6.5 The City should remove or archive obsolete accounts only after supervisory approval. When an account is determined to be no longer valid, it should be formally deactivated in the billing system, with documentation retained to provide a clear audit trail of the decision.

5. REDEVELOPMENT AGENCY (RDA) PAYMENTS

The review of Vineyard City's Redevelopment Agency (RDA) reimbursement payments was conducted to assess the completeness, clarity, and adequacy of supporting documentation and to evaluate whether current practices provide sufficient oversight of large and complex remediation expenditures. As part of the Agreed-Upon Procedures engagement, the practitioner obtained the listing of RDA reimbursement payments and selected a judgmental sample for detailed review. The sample was drawn from higher-dollar and higher-volume check packets to provide visibility into the documentation supporting significant remediation activities. The procedures focused on the accuracy of billing summaries, the presence and sufficiency of supporting invoices, and the extent to which existing practices demonstrate adequate review and oversight.

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The RDA operates under several contracts and development agreements between Vineyard City and Anderson Geneva LLC (AG), the project manager for the remediation effort. The applicable agreements indicate that Vineyard City will reimburse AG for "actual costs incurred" for environmental remediation and related work. However, these agreements do not include labor rate schedules, multiplier provisions, subcontractor billing requirements, documentation standards, or defined expectations for verifying work performed. As a result, the City relies heavily on AG to assemble billing packets, summarize subcontractor charges, and determine what documentation to include.

The AUP procedures focused on reconciling invoice amounts to check totals, confirming that payments were approved by the RDA Director, and reviewing whether required documentation (when provided) supported the stated amounts. While the selected samples generally reconciled mathematically, several structural weaknesses were identified in the supporting documentation, verification practices, and overall governance of the RDA reimbursement process. These weaknesses do not necessarily indicate that the underlying remediation work was not performed, but they do reflect a need for greater oversight, stronger documentation standards, and clearer processes to ensure that public funds are expended with appropriate transparency and accountability.

RECURRING THEMES OBSERVED INCLUDE:

- Lack of Written Procedures: No documented process exists describing what steps City staff should take before approving RDA reimbursement payments.

- Insufficient Supporting Documentation: Multiple packets lacked subcontractor invoices, scale tickets, manifests, or detailed substantiation for billed quantities.

- Unexplained Cost Structures: Some subcontractors applied significant multipliers or billed for labor, equipment, or materials without supporting agreements or contract-based rate authorizations.

- Limited Verification by the City: No documentation was provided showing that Vineyard staff or AG performed independent verification of billed quantities, on-site inspections tied to specific invoices, or third-party engineering reviews.

- Governance Oversight Gaps: RDA Board materials showed high-level updates but no evidence of detailed review or discussion of individual payment packets or supporting documentation.

The following observations and recommendations are intended to help Vineyard City strengthen its control environment, clarify expectations within the RDA reimbursement framework, and establish verification processes that better safeguard public funds and enhance accountability for large development-related expenditures.

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OBSERVATION 5.1: ABSENCE OF WRITTEN PROCEDURES OR INTERNAL CONTROLS GOVERNING RDA REIMBURSEMENT REVIEWS

Vineyard City does not have written policies or procedures outlining the steps to be performed when reviewing, approving, or validating RDA reimbursement requests. As a result, City staff do not operate from a consistent set of expectations for how to evaluate invoices, verify supporting documentation, identify missing information, or determine whether billed work aligns with contract terms. The absence of procedural guidance has effectively placed City staff in a reactive position, evaluating documentation only as presented without a structured method for determining sufficiency or completeness.

The applicable development and reimbursement agreements require the City to reimburse Anderson Geneva for "actual costs incurred" in the remediation of the Geneva Steel site. However, these contracts do not define what documentation is required to substantiate "actual costs," nor do they describe acceptable forms of proof, such as subcontractor invoices, timecards, rate schedules, manifests, or weigh tickets. Without internal procedures to fill this gap, Vineyard City does not have a documented basis to determine whether the reimbursement packets submitted by AG meet the standard of completeness necessary for a sound public-sector disbursement process.

This condition creates risk in several ways. First, payments may be approved without adequate supporting documentation, reducing transparency and limiting the City's ability to demonstrate accountability to taxpayers. Second, the absence of structured verification steps increases the likelihood that errors or irregularities may go undetected. Finally, without defined expectations or a consistent review framework, Vineyard City has limited ability to ensure that billing practices remain aligned with public-sector standards or to hold the project manager accountable for providing complete, verifiable information.

While the AUP engagement did not identify specific instances of nonperformance or improper billing, the lack of procedural requirements significantly weakens the City's control environment and increases reliance on the project manager's discretion regarding what to include in billing packets.

RECOMMENDATIONS

5.1.1 The City should develop and adopt a formal RDA Reimbursement Review Procedure that documents the required steps for evaluating reimbursement requests. This procedure should outline the supporting documentation that must be provided, the verification steps for subcontractor invoices, the reconciliation procedures to be performed, the criteria for evaluating quantities, rates, and cost structures, and the standards for determining

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whether substantiation is sufficient. It should also describe the approval process and any escalation requirements for complex or high-dollar requests.

5.1.2 The City should define clear documentation requirements for verifying "actual costs incurred" by specifying in writing the types of documentation that must be submitted before any reimbursement is approved. These requirements should include subcontractor invoices, equipment rate sheets, labor-hour summaries, weigh tickets and disposal manifests, receipts for materials, and any formal change-order documentation necessary to justify cost variances.

5.1.3 The City should implement a standardized checklist for reviewing reimbursement packets to ensure that minimum documentation standards are consistently applied. City staff should be required to complete this checklist for every payment, confirming that all required documents are present, that quantities and rates have been verified, and that the packet meets all procedural expectations before being forwarded for approval.

5.1.4 The City should establish clear approval authority and dual-review expectations for RDA reimbursements. Large or complex reimbursement requests should require supervisory approval by senior management—such as the Finance Director or City Manager—to ensure accountability and an additional level of oversight before funds are released.

5.1.5 The City should provide training to all personnel involved in the RDA reimbursement process. This training should cover contractual obligations, required documentation types, red-flag indicators, and the review procedures necessary to ensure that all reimbursement requests are complete, properly supported, and aligned with expectations for public-sector financial oversight.

OBSERVATION 5.2: INSUFFICIENT SUPPORTING DOCUMENTATION IN REIMBURSEMENT PACKETS

The review of sampled RDA reimbursement packets identified multiple instances in which the supporting documentation provided by Anderson Geneva (AG) was incomplete, missing, or insufficiently detailed to substantiate the amounts billed. Several reimbursement packages did not include subcontractor invoices, receipts, manifests, rate sheets, scale tickets, or other documentation necessary to verify that the billed work was performed or that the quantities charged were accurate. In these instances, Vineyard City approved payments based solely on AG's summary billing sheets or email communications without receiving the corresponding subcontractor-level support.

This condition reflects a systemic documentation gap rather than isolated omissions. Many packets relied heavily on AG-generated summaries, with limited or no third-party invoices to support material transport, disposal charges, equipment use, labor hours, or specialized remediation services. For tonnage-based disposal or transport charges, no

weigh slips or scale tickets were provided. For hourly labor or equipment charges, no rate schedules, time logs, or subcontractor agreements were included. Even where work descriptions were present, they were often general (e.g., "RCRA work," "CAMU Area," "Screening," "Site work"), providing no quantifiable basis to determine whether the amounts billed were reasonable, consistent with contract terms, or reflective of "actual costs incurred" as required under the reimbursement agreement.

The absence of complete supporting documentation makes it difficult for the City to demonstrate a clear audit trail for the public funds being expended. Without subcontractor invoices or other third-party documentation, Vineyard City has no independent means to validate the legitimacy, quantity, or accuracy of billed charges. The current process effectively places full reliance on AG's internal invoice compilation process and provides no mechanism for the City to substantiate the billed amounts on its own. This increases the City's exposure to overbilling risk, billing errors, or undocumented scope changes— risks that already exist in large remediation projects and which are heightened where documentation standards are undeveloped or inconsistently applied.

Although the AUP procedures did not identify specific unsupported charges beyond missing documentation, the condition itself represents a significant internal-control weakness. Public-sector reimbursement processes typically require detailed substantiation—particularly for large-dollar, multi-year remediation projects involving numerous subcontractors and cost categories. Without adequate support, the City cannot verify that reimbursements accurately reflect actual expenditures, and it cannot demonstrate financial stewardship to residents, the RDA Board, or external oversight entities.

RECOMMENDATIONS

5.2.1 The City should establish minimum documentation requirements for all reimbursement packets and require Anderson Geneva (AG) to provide a complete set of supporting materials before any request is considered for approval. At a minimum, each packet should include subcontractor invoices, labor-hour logs, equipment rate sheets, material receipts, weigh slips or disposal manifests, copies of subcontractor agreements if they have not already been provided, documentation supporting any multipliers or markups, and explanations for any unusual charges or billing structures. Having these components consistently included will ensure that each reimbursement request is supported with adequate and verifiable detail.

5.2.2 The City should adopt a firm policy of rejecting or holding incomplete reimbursement packets until all required documentation has been provided. Reimbursement requests should not be processed when they contain only summary sheets or email explanations, as such materials do not provide adequate substantiation of costs billed. This approach

reinforces the expectation that complete and appropriate documentation must accompany all requests.

5.2.3 The City should require AG to certify the completeness and accuracy of every reimbursement packet submitted. This certification, signed by a senior AG representative, should affirm that all subcontractor costs billed to the City are actual costs incurred, that the packet includes all documentation required under City standards, and that any rates, multipliers, or markups applied are authorized by contract. This additional layer of accountability will strengthen the City's ability to rely on the information provided.

5.2.4 The City should incorporate clear documentation standards into any future amendments to its RDA agreements or into renegotiated contract terms. These standards should explicitly require complete supporting documentation for all subcontractor charges and clearly identify billing formats that will not be accepted, such as unsupported summaries. Embedding these requirements within contractual language will ensure consistent expectations across all future reimbursement requests.

5.2.5 The City should maintain a centralized repository for all RDA billing support, including invoices, manifests, scale tickets, subcontractor documentation, and related materials. This repository should be structured and indexed in a way that allows Finance, the RDA Director, and City leadership to locate and review supporting information quickly and consistently, ensuring transparency and facilitating future audits or independent reviews.

OBSERVATION 5.3: UNSUBSTANTIATED LABOR MULTIPLIERS AND LACK OF RATE AUTHORIZATION

The review of sampled RDA reimbursement packets identified subcontractor billings that applied significant labor multipliers—approximately 270% in several instances—without any supporting explanation, contract clause, rate schedule, or cost-justification document. These multipliers were embedded directly in subcontractor invoice summaries and were not accompanied by documentation clarifying how they were calculated, what they were intended to represent, or whether they reflected allowable billing practices under the agreements between Vineyard City and Anderson Geneva (AG).

The governing development and reimbursement agreements reviewed do not define authorized labor rates, markups, multipliers, administrative add-ons, or overhead charges. The agreements state only that Vineyard City will reimburse AG for "actual costs incurred" in performance of the remediation work. However, the term "actual cost" is not further defined, and the contracts do not specifically authorize AG or its subcontractors to apply administrative surcharges, cost multipliers, or generalized markups to time-and-materials charges. As a result, Vineyard City currently has no contractual basis to determine whether such charges are appropriate, reasonable, or allowable, and no mechanism to challenge or verify them.

Because the City does not request or receive subcontractor agreements, negotiated rate sheets, or documentation of approved billing structures, these multipliers are passed directly through AG's summary invoices to Vineyard City without review or verification. Under the current process, Vineyard is reliant entirely on AG's internal procurement and subcontractor oversight practices—even though the City, as steward of public funds, bears ultimate responsibility for ensuring that reimbursed costs are legitimate and properly supported.

The presence of large, unexplained multipliers represents a notable risk, particularly in the context of a multi-year remediation project involving millions of dollars in pass-through charges. Without clear rate authorization or supporting detail, the City cannot demonstrate that such costs reflect actual expenditures, nor can it assess whether similar work could be obtained at lower or more transparent rates. This condition does not, by itself, indicate impropriety; however, it does indicate a significant lack of visibility into underlying subcontractor billing practices and creates potential exposure to overbilling or inconsistent rate application.

RECOMMENDATIONS

5.3.1 The City should require Anderson Geneva to provide subcontractor rate schedules and copies of all relevant subcontractor agreements. These documents should include labor rates, equipment rates, overhead or markup provisions, and any other cost terms that establish the baseline for evaluating whether billed charges are appropriate, authorized, and consistent with contractual expectations.

5.3.2 The City should adopt a policy prohibiting reimbursement of undocumented multipliers or markups. Vineyard City should only approve charges supported by contractually authorized rates, published subcontractor rate sheets, or clearly documented cost structures. Any multiplier or markup that cannot be tied to written terms or verified cost calculations should be rejected until adequate substantiation is provided.

5.3.3 The City should define the meaning of "actual costs incurred" in future agreements or amendments. This clarification should specify whether markups are permissible and, if so, set maximum allowable multipliers or define acceptable indirect-cost allocations. Such definitions would prevent uncontrolled pass-through billing and eliminate ambiguity that can lead to excessive or unsupported charges.

5.3.4 The City should require Anderson Geneva to certify the accuracy and contractual basis of all subcontractor charges included in each reimbursement packet. This certification should affirm that the charges represent actual costs incurred, that any

multipliers or overhead components are authorized by contract, and that no unsupported markups have been included in the billing.

5.3.5 The City should conduct a targeted review of subcontractor billing practices for high-dollar or frequently used subcontractors by requiring AG to provide a one-time documentation package containing rate justifications, underlying cost structures, overhead or profit components, and explanations of how multipliers are calculated. This information will establish a foundation for future reasonableness checks and improve oversight of recurring subcontractor charges.

5.3.6 The City should incorporate explicit multiplier and markup limitations into future RDA agreements or amended contracts. Including defined caps on overhead, multipliers, and administrative charges will strengthen cost-control protections and ensure that the City retains the ability to manage and evaluate reimbursement requests effectively.

OBSERVATION 5.4: INADEQUATE DETAIL IN SUBCONTRACTOR BILLING DESCRIPTIONS AND QUANTITIES

The review of RDA reimbursement packets identified multiple subcontractor invoices that contained only general or high-level descriptions of work performed, without the level of detail necessary to understand the scope, quantities, or basis of the charges billed. In several instances, work was described using broad terms such as "USS Geneva RCRA," "Biosparge Design," "Screening – CAMU Area," "Hauling," or "Disposal," with no accompanying explanation of what specific tasks were performed, the measurable quantities involved, or how the billed amount was calculated.

In cases where charges were based on unit quantities—such as tonnage for waste removal, transport of material from remediation areas, or disposal at designated facilities—the invoices did not include scale tickets, weigh slips, disposal confirmations, or any third-party documentation validating the quantities billed. Summary sheets frequently listed tons hauled or loads transported, but without supporting documentation, Vineyard City could not independently verify the accuracy of the reported quantities.

Similarly, invoices tied to hourly labor or equipment charges did not consistently include timecards, hourly logs, equipment rate sheets, or other supporting materials that would allow the City to confirm that billed hours reflected actual time worked. For specialized remediation services, subcontractors often provided technical descriptions but did not include details such as quantity of material treated, duration of operation, sampling logs, or field reports.

These limitations were particularly evident in certain high-dollar invoice packets which contained extensive line-item summaries but lacked the underlying documentation for many of the billed activities. Without supporting detail, the City cannot verify that the work

described aligns with the amount billed or that the billed quantities accurately reflect the scope of remediation performed.

While the documentation provided was internally consistent within AG's summaries, the lack of detail significantly reduces the City's ability to perform a meaningful review of billed work, assess the reasonableness of costs, or demonstrate to taxpayers and oversight bodies that public funds were spent based on verifiable evidence. This condition increases Vineyard City's exposure to potential errors, overbilling, or unintentional duplication of charges—risks that are inherent in complex, multi-year remediation projects and require robust documentation to mitigate.

RECOMMENDATIONS

5.4.1 The City should require subcontractors to provide detailed work descriptions in their invoices, ensuring that each charge includes enough specificity for an independent reviewer to understand what work was performed, where it occurred, the measurable quantities involved, and how the billed amounts were calculated. General or vague descriptions should not be accepted as sufficient for reimbursement.

5.4.2 The City should require third-party documentation to support any quantity-based charges. For invoices that bill based on units such as tons, loads, cubic yards, or labor hours, subcontractors should be required to provide supporting documents such as scale tickets, weigh slips, landfill or disposal certificates, haul logs, equipment usage logs, or timecards and hourly summaries to substantiate the quantities billed.

5.4.3 The City should adopt standardized documentation templates for subcontractors that define the minimum level of detail required in each invoice. These templates should include fields for activity descriptions, dates and locations of work performed, material quantities, labor hours, equipment used, and applicable rates. Subcontractors should be required to follow these standards uniformly to ensure consistency and completeness.

5.4.4 The City should require Anderson Geneva to submit field-level verification for high-dollar or technically specialized tasks. For services such as biosparging, RCRA remediation, or other complex environmental or engineering activities, AG should provide supporting documentation including sampling logs, daily field reports, operational run logs, and inspection reports to validate that the work billed was performed as described.

5.4.5 The City should establish escalation procedures for invoices that lack adequate detail. When subcontractor invoices do not contain sufficient information to support the amounts billed, AG should be required to obtain clarification from the subcontractor,

provide supplemental documentation, or revise the invoice before the City processes the reimbursement request.

5.4.6 The City should incorporate detailed documentation requirements into any future amendments to its RDA agreements. If agreements are updated or renegotiated, they should include explicit language defining the documentation required for work descriptions, quantity validation, and field-level verification to ensure that future reimbursements are consistently supported.

OBSERVATION 5.5: RELIANCE ON EMAIL SUMMARIES INSTEAD OF THIRD-PARTY DOCUMENTATION

Across several RDA reimbursement packets reviewed, email messages from Anderson Geneva (AG) staff were included as the primary—or, in some cases, the only—supporting documentation for billed amounts. These emails often summarized subcontractor work, referenced quantities, or provided explanations for charges in lieu of formal invoices, manifests, scale tickets, or other objective third-party documentation. In some instances, no subcontractor invoice was included at all; instead, Vineyard City relied on informal email statements describing the cost or confirming the billed amount.

While email correspondence can serve as contextual information, it does not constitute adequate support for public-sector reimbursement of large, multi-year remediation expenditures. Email summaries lack the verification, permanence, and audit trail inherent in formal billing documents. They are also susceptible to misinterpretation, inconsistent formatting, missing attachments, or unrecorded revisions. Additionally, emails do not provide evidence that the subcontractor actually billed AG at the stated amount, nor do they demonstrate that the work described was completed as presented.

By accepting email narratives in place of formal documentation, the City effectively relies on AG's internal communication methods rather than its accounting records or subcontractor billing systems. This substantially diminishes the City's ability to independently verify the accuracy, completeness, and legitimacy of the expenses being reimbursed. Reliance on informal documentation also limits the City's capacity to defend these expenditures to external oversight bodies, auditors, or members of the public seeking transparency regarding the use of redevelopment funds.

While the AUP procedures did not identify specific improper charges within these email-supported transactions, the condition reflects a structural vulnerability in the City's review process: reimbursement requests are approved without the level of documentation typically required for high-value, public-funded remediation work. Without a shift toward requiring formal third-party invoices and supporting documents, the City remains exposed to the risk of inaccurate billing, unsupported cost escalation, and diminished ability to demonstrate stewardship over taxpayer funds.

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RECOMMENDATIONS

5.5.1 The City should require formal subcontractor invoices for all billed amounts, making it clear that email correspondence is not acceptable as the primary support for reimbursement. Every charge should be backed by proper documentation such as subcontractor invoices, rate sheets or contracts, labor logs, equipment logs, haul logs, or other third-party receipts and supporting documents that substantiate the costs submitted.

5.5.2 The City should treat email correspondence as supplemental rather than primary documentation. Emails may accompany formal invoices to clarify unusual charges or provide context, but they should never be used in place of the official documentation necessary to validate and support reimbursed amounts.

5.5.3 The City should require Anderson Geneva to certify that all subcontractor charges included in each reimbursement request are based on actual invoices. This certification should confirm that the billed amounts correspond exactly to the subcontractor's invoiced charges and are not derived from estimates, summaries, or unsupported email statements.

5.5.4 The City should establish clear documentation sufficiency standards that explicitly prohibit the use of informal billing support as the basis for reimbursement. These standards should require complete and formal documentation for each subcontractor charge, with emails used only for clarification and not as stand-alone evidence.

5.5.5 The City should adopt a policy of returning or holding reimbursement packets that do not include formal third-party documentation. Any packet lacking complete supporting materials should be considered incomplete and should not be processed until all required documentation has been received and verified.

5.5.6 The City should incorporate documentation requirements into future RDA agreements or amended contracts to ensure long-term consistency. These agreements should specify that informal communications—such as emails, text messages, or similar correspondence—cannot serve as primary support for reimbursed costs, reinforcing the expectation of complete and formal documentation for all billed charges.

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OBSERVATION 5.6: LIMITED DOCUMENTATION SUPPORTING CHANGE-ORDER COSTS AND COST ESCALATIONS

The review of selected RDA reimbursement packets identified several instances where billed amounts exceeded the original projected cost estimates or appeared to include change-order-related work, yet the packets contained little to no documentation explaining the reasons for the cost increases. Although summary sheets prepared by Anderson Geneva (AG) reflected total amounts due, they did not include supporting schedules, cost analyses, updated estimates, field reports, or written explanations describing why the project costs increased or what additional work was performed. In some cases, the increases appeared substantial relative to previous billing patterns, but no documentation was provided to show whether the increases resulted from expanded scope, unforeseen site conditions, subcontractor rate changes, or other project-related factors.

The agreements between Vineyard City and AG do not include a defined process for reviewing or approving cost increases associated with project changes. As a result, Vineyard City receives only the financial impact of the change—i.e., a higher reimbursement request—without visibility into the underlying cause or justification. During testing, no documentation was provided showing that the City undertook any form of analytical review, comparison to prior work, variance analysis, or independent evaluation of the billed increases. Likewise, the practitioner was not provided with documentation showing how AG evaluated subcontractor cost increases internally or how change-related amounts were validated against subcontractor invoices, field conditions, or updated project plans.

Without supporting documentation, Vineyard City is unable to assess whether cost escalations are reasonable or reflective of actual work performed. This lack of transparency impedes the City's ability to exercise effective oversight and contributes to the risk that cost overages—whether warranted or not—may go unexamined. Additionally, in the absence of change-order documentation, Vineyard cannot determine whether cost increases stem from inefficiencies, scope creep, billing errors, unanticipated work, or subcontractor-driven factors. While the AUP procedures did not identify specific instances of improper billing related to change-order work, the lack of documentation weakens the City's review process and limits its ability to demonstrate financial stewardship over multi-year remediation expenditures.

RECOMMENDATIONS

5.6.1 Vineyard City should require Anderson Geneva to provide written explanations whenever costs increase or deviate from previously projected amounts. For any

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reimbursement request that exceeds historical patterns or differs materially from cost expectations, the packet should include a narrative explaining the reason for the change, a description of any additional tasks performed, subcontractor-level documentation supporting the higher charges, and a clear justification for the variance. This ensures that the City has sufficient context to evaluate whether the increase is reasonable and supported by actual work performed.

5.6.2 The City should establish a formal change-order documentation process to govern any work that differs from the original project scope. Under this structure, any scope changes would require a written change-order request, updated cost estimates, supervisory approval from the City, and supporting subcontractor documentation. No escalated costs or additional charges should be considered eligible for reimbursement unless the change order has been properly documented and approved in advance.

5.6.3 As part of its review process, the City should incorporate a structured variance analysis to help identify unusual or unexplained cost fluctuations. This review should compare the reimbursed amounts to prior billing patterns, expected unit costs, quantities previously invoiced, and known project milestones. Any variances that appear inconsistent with expected project activity should be flagged, investigated, and resolved before approval is granted.

5.6.4 Vineyard City should require Anderson Geneva to provide subcontractor-level detail for all work associated with changes in scope or cost. This should include updated rate sheets, revised descriptions of the work performed, detailed time and materials breakdowns, and relevant field reports documenting the additional tasks. These materials will help the City confirm that the costs billed are appropriate, justified, and aligned with the actual work performed in the field.

5.6.5 If Vineyard City updates or renegotiates its RDA agreements, it should incorporate clear contract language establishing change-order requirements. This should include written City approval before any change in scope is undertaken, required subcontractor documentation supporting change-related work, and defined thresholds identifying when City authorization is needed. Embedding these requirements in future agreements will help ensure that all changes are transparent, supported, and subject to proper oversight.

OBSERVATION 5.7: NO EVIDENCE OF INDEPENDENT VERIFICATION OF WORK PERFORMED

The review of Vineyard City's RDA reimbursement process found no documentation indicating that the City—or Anderson Geneva (AG), acting as the project manager—performed independent verification of billed quantities, field conditions, or work completion before approving reimbursement payments. The reimbursement packets reviewed did not include field inspection reports, site-verification photographs, engineering confirmations, sampling logs, or supervisory attestations linking invoiced work

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to actual field activities. For quantity-based charges, such as tonnage hauled, soil removal, waste transport, or equipment use, no documentation was provided to show that the City or AG verified the quantities billed through on-site measurement, weigh-ticket validation, or third-party confirmation.

The development and reimbursement agreements between Vineyard City and AG require the City to reimburse AG for "actual costs incurred," yet they do not describe how the City should confirm that the work invoiced has been completed or that the quantities billed are reasonable. In practice, Vineyard City has relied almost entirely on AG's summary invoices, without supporting documentation demonstrating that independent verification steps were performed at any point in the process. During AUP testing, no records were provided showing that AG performed or documented internal verification of subcontractor work, nor were records provided showing City involvement in reviewing or validating completed work.

Interviews and correspondence further indicated that the City has not implemented a structured oversight mechanism—such as periodic field inspections tied to reimbursement requests, quantity sampling procedures, or engineering review—to confirm the nature, extent, or accuracy of work performed. While AG may conduct internal project oversight as part of their own management process, no documentation of such oversight was made available for review. Likewise, no evidence was provided to suggest that Vineyard City receives routine field-level reporting that links billed work to observable progress or measurable site activity.

Without verification procedures, there is an increased risk that billed quantities may not reflect actual work performed or may include errors that remain undetected. Independent verification is particularly important for environmental cleanup and remediation projects, where costs are highly variable, subcontractor work is specialized, and quantities can fluctuate significantly based on site conditions. While the AUP engagement did not identify any specific improper billing, the lack of independent verification represents a significant control gap that limits the City's ability to ensure that public funds are being used appropriately and in accordance with the intent of the RDA program.

RECOMMENDATIONS

5.7.1 Vineyard City should establish a formal verification process requiring Anderson Geneva to demonstrate that all billed work has been independently confirmed. This verification should include field inspection notes, daily or weekly field reports, photographs directly tied to the items being invoiced, and documentation showing that quantities billed align with observable site conditions.

5.7.2 The City should implement periodic City-led field inspections that correspond directly to reimbursement packets. These inspections—performed either by City staff or a

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qualified third-party engineer—should validate that the work identified in the billing packet has actually been completed prior to payment approval.

5.7.3 For any charges based on measurable quantities such as tons removed, cubic yards transported, or equipment-operation hours, the City should require third-party documentation that substantiates these amounts. Acceptable documentation includes weigh tickets, disposal manifests, haul logs, GPS-based load tracking, or equivalent verification records.

5.7.4 The City should incorporate independent engineering review into the reimbursement process for high-dollar invoices, technically specialized remediation work, or other complex project tasks. A qualified engineering consultant or subject-matter expert engaged by the City should review these invoices and provide written confirmation of the accuracy and completeness of the billing support.

5.7.5 The City should require Anderson Geneva to certify that all billed work has been completed and independently verified. This certification should accompany every reimbursement submission and affirm that the work has been performed, that the quantities billed are accurate, and that the charges correspond to subcontractor documentation.

5.7.6 If Vineyard City amends its current RDA agreements or enters into new development agreements, the City should include explicit provisions requiring verification of billed work. These provisions should address the need for field inspections, engineering oversight, documentation of completed work, and periodic progress reporting tied directly to reimbursement requests.

OBSERVATION 5.8: PARTIAL RESPONSES TO WRITTEN INQUIRIES AND NEED FOR MORE STRUCTURED OVERSIGHT AND COMMUNICATION CHANNELS

During the course of the AUP engagement, the practitioner submitted written inquiries to the RDA Director seeking clarification on general billing practices as well as invoice-specific questions related to quantities, rates, multipliers, supporting documentation, and verification procedures. Management provided written responses describing the City's current reimbursement process and explaining that Vineyard is not a party to Anderson Geneva's (AG) subcontractor agreements. Under the City's longstanding practice, Vineyard has generally reimbursed AG based on the documentation AG provides, without requesting supplementary verification of underlying contracts, labor rates, quantities, or field-level validation procedures.

While this approach reflects management's position to date, the practitioner notes that the magnitude and complexity of the remediation expenditures—totaling several million dollars over time—make it reasonable and appropriate for the City to request additional

clarification or verification when needed. Seeking such information does not imply wrongdoing; rather, it represents sound financial stewardship and a prudent safeguard when public funds are involved. AG's response to such requests would also help clarify how onsite verification and subcontractor oversight are being conducted and documented.

Management's general responses were helpful in understanding the overall reimbursement framework; however, several invoice-specific inquiries remain outstanding as of the date of this report, and certain supporting documents requested were not available for review. Because Vineyard does not have direct visibility into AG's subcontractor agreements, internal rate structures, or onsite validation activities, complete and timely written responses are essential to maintaining transparency and ensuring that reimbursement decisions are supported by clear and reliable documentation.

The AUP did not identify evidence of improper activity associated with these communication gaps; however, the condition highlights the need for more structured, consistent, and documented communication processes between Vineyard City and AG regarding reimbursement oversight.

RECOMMENDATIONS

5.8.1 Establish a formal communication protocol requiring that reimbursement-related inquiries be acknowledged and addressed within a defined timeframe (e.g., ten business days), helping ensure timely and predictable information flow.

5.8.2 Require that all clarifications and responses be documented in writing—whether by email or memo—so that explanations and supporting materials are preserved in an auditable record.

5.8.3 Implement a centralized tracking log for all reimbursement-related inquiries, documenting the date submitted, topic, responsible parties, expected response date, and date resolved.

5.8.4 Request supplemental documentation from Anderson Geneva or the RDA Director when clarification is needed for specific invoices, quantities, rates, or billing structures. Given the scale of the expenditures, such requests are reasonable and appropriate to ensure transparency and to demonstrate effective stewardship of public funds.

5.8.5 Incorporate communication, documentation, and response expectations into future RDA agreements or amendments so that timely written communication and cooperation in resolving reimbursement questions become formal obligations rather than informal practices.

OBSERVATION 5.9: RDA BOARD OVERSIGHT FOCUSED ON HIGH-LEVEL UPDATES RATHER THAN TRANSACTION-LEVEL REVIEW

A review of Vineyard City RDA Board meeting minutes and available audio/video recordings for fiscal years 2023 and 2024 indicates that the Board received periodic updates regarding general RDA activities, project progress, and overall development timelines. These briefings provided broad situational awareness but did not include transaction-level discussion of reimbursement requests, subcontractor billings, cost escalations, or documentation supporting individual payments submitted by Anderson Geneva (AG). No evidence was provided showing that the Board routinely reviewed reimbursement packets, supporting documentation, or detailed expenditure summaries prior to authorizing payments.

While Utah law does not require RDA Boards to conduct invoice-level reviews, strong governance practices in public redevelopment projects typically include oversight mechanisms that allow the governing body to meaningfully assess whether reimbursed costs are supported, reasonable, and aligned with project objectives. For a project as large and technically complex as the Geneva remediation effort, high-level updates—without accompanying financial detail—are insufficient to provide comprehensive oversight of public funds being expended under the reimbursement framework.

The absence of structured financial review at the Board level effectively places full oversight responsibility in the hands of staff without clear documentation of Board engagement in reviewing, questioning, or validating RDA expenditures. This condition does not imply a lack of interest or intent by the Board; rather, it reflects a process design in which the information needed to exercise meaningful oversight is not consistently presented. As a result, Board members may not be fully aware of the documentation gaps, billing structures, or cost-verification weaknesses identified in the AUP, nor are they positioned to ask informed questions that could strengthen accountability and transparency in the reimbursement process.

Strengthening governance oversight would enhance the City's ability to manage redevelopment expenditures, respond to stakeholder inquiries, and ensure that public resources are used appropriately and in accordance with policy expectations. Improved oversight processes would also help institutionalize controls that remain in place even as staff or Board membership changes over time.

RECOMMENDATIONS

5.9.1 Vineyard City should provide the RDA Board with regular, structured financial reporting that summarizes all reimbursement requests submitted during the period, highlights key cost drivers, identifies variances from projections, outlines high-dollar

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subcontractor charges, and includes metrics showing whether documentation submitted with each packet was complete. These recurring reports would give the Board clearer visibility into spending patterns and strengthen oversight of the reimbursement process.

5.9.2 For high-dollar or complex reimbursement packets, City management should present a briefing to the RDA Board that explains the nature of the work billed, the total amount requested, the completeness and sufficiency of supporting documentation, and any anomalies or unresolved questions noted during internal review. Providing this level of summary information will help ensure that the Board is appropriately informed when reviewing significant reimbursement activity.

5.9.3 Vineyard City should adopt a formal oversight protocol describing the level of review expected from the RDA Board, the information that must be presented to them, the frequency of updates, and the thresholds at which the Board is required to provide explicit approval. Establishing these expectations in writing will clarify governance roles and promote consistent oversight of RDA expenditures.

5.9.4 The City should incorporate RDA-related governance matters into its annual financial or audit planning cycle so that independent auditors, internal reviewers, or City leadership revisit oversight practices each year. This recurring evaluation will help assess improvements, identify emerging risks, and ensure that the reimbursement process continues to evolve and strengthen over time.

5.9.5 If Vineyard City updates or renegotiates its development agreements or reimbursement frameworks, the City should incorporate explicit expectations for Board-level documentation, communication, and oversight into the contract language. Embedding these requirements in future agreements will help ensure long-term transparency and reinforce the Board's role in monitoring public expenditures.

6. FOOD EXPENSES AND EMPLOYEE RECOGNITION

The review of Vineyard City's food and hospitality expenditures was conducted to evaluate whether internal controls, policies, and documentation practices ensure that meal-related purchases are appropriate, properly supported, and compliant with the principles of sound public financial management. The objective was to assess whether expenditures made for food, refreshments, or related hospitality purposes align with legitimate business needs, are transparent to the public, and demonstrate accountability in the use of taxpayer funds.

Testing and analysis indicated that Vineyard City does not currently have a formal policy governing food expenditures. In the absence of defined standards, employees lack guidance regarding when it is permissible to use public funds for meals, what levels of expenditure are reasonable, and what documentation or approvals are required. As a

result, practices vary across departments, and decisions often depend on individual discretion rather than a consistent, organization-wide framework.

Several key weaknesses were identified in the administration of food expenditures, including the absence of a formal policy, missing receipts, insufficient business-purpose explanations, and a lack of supervisory authorization before and after purchases. In addition, sales tax was paid in multiple instances despite the City's tax-exempt status, and gift cards distributed for community events and employee programs were not consistently supported with signed documentation acknowledging receipt.

RECURRING THEMES IDENTIFIED ACROSS THE REVIEW INCLUDE:

- Policy and Governance: No established policy defines when food purchases are appropriate or how they should be approved and documented.

- Documentation and Transparency: Receipts, recipient acknowledgments, and clear statements of business purpose were frequently missing or incomplete.

- Authorization and Oversight: No pre-approval process exists, and post-purchase approvals were inconsistent or absent in several cases.

- Compliance and Stewardship: Sales tax was improperly paid in several transactions, and practices rely on informal trust rather than structured oversight.

Although most transactions reviewed appeared reasonable in amount and purpose, the lack of formal standards, documentation, and oversight mechanisms exposes the City to reputational and compliance risks. Establishing clear policy guidance will protect employees from inadvertent violations, enhance accountability to residents, and ensure that all expenditures for food and hospitality are consistent with the City's mission and public expectations of transparency.

The following observations and recommendations are intended to provide a framework for developing effective policies, controls, and training to strengthen the City's governance of food-related expenditures.

OBSERVATION 6.1: NO POLICY OR FRAMEWORK GOVERNING FOOD EXPENDITURES

Vineyard City currently has no formal policy establishing when the use of public funds for food purchases is permissible. In the absence of written guidance, employees lack a consistent framework to determine whether providing or consuming food at City expense is allowable or appropriate. No monetary thresholds, approval requirements, or

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documentation standards exist, and practices appear to depend largely on custom or supervisor discretion.

The absence of a governing policy increases the likelihood of inconsistent application of judgment and exposes the City to perceptions of misuse, even when expenditures are well-intentioned. Without clear expectations, employees have no benchmark for determining the reasonableness of meal costs, appropriate occasions for providing refreshments, or required documentation to support such purchases.
Formal policy guidance is essential to protect employees from criticism and the City from reputational or fiscal risk. A well-designed policy will also align practices with the principles of stewardship, transparency, and accountability in the use of public funds.

RECOMMENDATIONS

6.1.1 Vineyard City should develop and adopt a comprehensive Food and Gift Expenditure Policy that clearly defines when food, beverage, hospitality, or gift-related purchases may be made using City funds. The policy should establish the underlying purpose of such expenditures, emphasize stewardship of public resources, and articulate that these costs must directly relate to carrying out official City business, community engagement, or authorized employee recognition activities. Creating formal guidance will help ensure consistency, prevent ambiguity, and protect the City from the appearance of inappropriate spending.

6.1.2 The policy should clearly define the allowable circumstances under which food or gift expenditures may occur, such as official City meetings that extend through standard meal hours, community outreach activities where providing refreshments enhances resident participation, formal employee recognition events, or volunteer appreciation activities that have been expressly approved in advance. The policy should also require supervisory or department-head preauthorization for any planned food or gift-related purchases, with documentation retained showing the reason for the event, the anticipated participants, and the justification for City funding. Requiring preauthorization will help ensure expenditures are appropriate, necessary, and aligned with the City's operational and community-serving objectives.

6.1.3 To promote fiscal responsibility and consistency with public-sector norms, the policy should establish reasonable cost thresholds per person or per event. These limits may be informed by State of Utah per diem rates, comparable municipal policies, or industry standards for government-sponsored events. The policy should also require justification for any exceptions and require approval at a higher supervisory or administrative level before processing reimbursement or payment. Defining cost expectations helps prevent overspending and provides staff with clear parameters to follow.

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6.1.4 The policy should require employees to maintain detailed receipts for all food or gift purchases, along with participant lists when practical and a clear statement of business purpose explaining why the expenditure was necessary for City operations. Receipts should itemize all goods purchased rather than summarizing totals, and staff should ensure gratuity amounts are reasonable. These documentation requirements will create a complete audit trail and ensure accountability for all public expenditures.

6.1.5 Once adopted, the policy should be incorporated into City-wide employee training, particularly for purchasing cardholders and supervisors responsible for reviewing expenses. The City should require written acknowledgment from all staff with purchasing authority that they have received, read, and understand the policy. Regular refresher training or periodic reminders should also be provided to ensure continued compliance. Integrating the policy into training helps ensure that expectations are clearly communicated and consistently applied across departments.

OBSERVATION 6.2: INSUFFICIENT DOCUMENTATION AND MISSING RECEIPTS

Testing identified several instances in which required documentation was incomplete or missing. Three of forty transactions lacked supporting receipts, and multiple transactions involving the purchase of gift cards had no signed acknowledgment or record showing who received the cards. In the absence of receipts or redemption records, there is no verifiable audit trail confirming the purpose or legitimacy of the expenditure.

These conditions occurred because the City has not formally required receipts for all food-related expenditures or established accountability standards for gift card distribution. Although dollar amounts were not large, the lack of documentation creates risk of misuse or misinterpretation and prevents Finance from verifying compliance with purchasing rules.

RECOMMENDATIONS

6.2.1 The City should require that all food- and gift-related purchases include itemized receipts uploaded to Spend Clarity at the time the transaction is submitted for review. Itemized receipts provide a clear breakdown of what was purchased, the quantities involved, and the total cost, which allows supervisors to verify that expenditures align with the approved purpose and meet policy requirements. Uploading the documentation promptly also ensures that reviewers have the necessary information when approving transactions and reduces the risk of missing or incomplete records.

6.2.2 The City should establish a Gift Card Log documenting the distribution of all gift cards purchased with public funds. At a minimum, the log should include the recipient's name, the date the card was issued, the card's value, the program or purpose for which it was

given, and the signatures of both the issuing employee and the recipient acknowledging the transfer. Maintaining this log will create a clear audit trail, prevent duplicate issuance, and demonstrate that gift cards are used strictly for authorized City programs or recognition efforts.

6.2.3 The City should disallow reimbursement or P-Card approval for any food or hospitality expenditure that lacks a receipt or sufficient supporting documentation. If employees are unable to provide required documentation, the purchase should be considered non-reimbursable and may result in the employee being personally responsible for the cost. Establishing and enforcing this expectation will reinforce the importance of documentation, promote consistent treatment of expenditures, and reduce the risk of unverified or inappropriate spending.

6.2.4 The City should periodically review uploaded documentation in Spend Clarity to ensure that receipts are complete, legible, and properly support the purchases made. During these reviews, staff should follow up on missing or unclear documentation, request corrected uploads when necessary, and document any repeated issues for potential further action. Conducting periodic monitoring will reinforce compliance, allow early identification of training needs, and demonstrate the City's commitment to transparency and accountability.

6.2.5 The City should reinforce through employee training that complete and accurate documentation protects both the employee and the organization by demonstrating the legitimate public purpose of expenditures. Emphasizing this message in training sessions, onboarding materials, and periodic reminders will help set clear expectations, encourage consistent documentation practices, and reduce misunderstandings about the level of detail required for compliance with City policy.

OBSERVATION 6.3: INADEQUATE BUSINESS PURPOSE DESCRIPTIONS

Seven of forty tested transactions contained no business purpose explanation, and many of the remaining entries included only minimal notations such as "meeting" or "event." Vague or incomplete descriptions fail to demonstrate that the expenditure served a legitimate City function or complied with public-purpose requirements.

The lack of narrative detail likely stems from an absence of guidance in policy and a lack of supervisor review. When explanations are not specific, it becomes difficult for approvers or auditors to distinguish allowable uses—such as working lunches for staff on duty—from personal or social events.

RECOMMENDATIONS

6.3.1 The City should require that every food-related expenditure include a clear and complete statement of business purpose explaining why the purchase was necessary for City operations. This statement should identify the nature of the event or activity, list the participants or groups involved when practical, and describe how the food expense directly supported a legitimate governmental function. Providing this level of detail ensures that the public purpose of each expenditure is transparent and can be independently understood without relying on verbal explanations or staff recollection.

6.3.2 To help employees understand the level of detail expected, the City should include examples of adequate business-purpose descriptions within the Food and Gift Expenditure Policy as well as in related training materials. These examples should illustrate the difference between vague explanations—such as "meeting" or "staff lunch"—and sufficiently descriptive statements such as "working meeting with Public Works and Engineering regarding the Vineyard Connector design review, scheduled through the lunch hour," or "community outreach event to gather resident input on the Parks Master Plan." Providing model language will promote consistency and reduce misunderstandings about what constitutes an acceptable explanation.

6.3.3 The City should configure Spend Clarity, to the extent possible, to flag blank justification fields or generic, non-descriptive statements before the transaction can be routed for approval. If the system allows, staff should be required to enter a narrative of adequate length and substance before submission. Implementing this type of automated prompt will help improve documentation quality at the point of entry and reduce the number of incomplete submissions that require additional follow-up.

6.3.4 Supervisors should be required to return submissions that contain incomplete or insufficient explanations rather than approving them as-is. This expectation should be stated clearly in the policy and reinforced through training so that supervisors understand their responsibility to ensure the adequacy of business-purpose narratives before granting approval. Returning incomplete submissions for revision will help cultivate a culture of accountability and emphasize that documenting the public purpose of an expenditure is an essential part of the internal-control process, not a formality.

OBSERVATION 6.4: LACK OF AUTHORIZATION AND APPROVAL CONTROLS

None of the forty food expenditures tested showed documented preauthorization, and seven lacked supervisory approval even after the fact. The absence of both preventive and detective controls leaves the City dependent on employee judgment and reduces management visibility into discretionary spending.

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This condition exists because food purchases have historically been viewed as routine, low-risk expenditures rather than transactions requiring structured oversight. However, as public-facing costs, they are particularly sensitive to scrutiny. Without approval requirements, the City cannot demonstrate that such spending aligns with its mission or budget priorities.

RECOMMENDATIONS

6.4.1 The City should incorporate a preauthorization requirement for all food or gift-related expenditures above a modest threshold, such as $50 or $100, to ensure that these discretionary purchases are reviewed before public funds are spent. Requiring documented approval in advance—rather than relying solely on after-the-fact review—will help prevent inappropriate or unnecessary expenditures and reinforce the expectation that food and gift purchases must serve a legitimate public purpose.

6.4.2 The City should require supervisory or department-head approval both prior to the purchase and again at the time of reconciliation to verify that the expenditure complies with the new Food and Gift Expenditure Policy. The pre-purchase approval confirms the necessity and appropriateness of the transaction, while the reconciliation approval provides assurance that the final receipt, cost, and business purpose match what was authorized. This two-step review process strengthens internal controls by ensuring management oversight throughout the entire transaction lifecycle.

6.4.3 Spend Clarity should be configured, to the extent the system allows, so that food-related transactions cannot be finalized without documented supervisory review. This may include workflow rules that prevent submission without entering required fields, routing transactions to the correct approver, or blocking approval until the business purpose and itemized receipt are uploaded. Automating these requirements within the system will help enforce consistent application of policy expectations and reduce manual follow-up.

6.4.4 The City should establish routine Finance monitoring to identify food purchases lacking required approval or preauthorization within Spend Clarity. Finance staff should periodically review transactions for compliance, follow up on missing approvals, and document any recurring issues or patterns that may warrant additional training or policy reinforcement. This monitoring will help ensure the policy is being followed consistently across all departments.

6.4.5 The City should emphasize through training that management review is not merely an administrative formality but an important safeguard that protects both employees and the City by ensuring propriety, transparency, and accountability in the use of public funds. Training materials should reinforce that food and gift expenditures can be sensitive in a governmental environment and that appropriate oversight helps maintain public trust.

OBSERVATION 6.5: SALES TAX CHARGED ON FOOD PURCHASES

Fourteen of forty food-related transactions included sales tax, contrary to the City's tax-exempt status. While Finance later obtained refunds for those instances, the need for repeated corrections indicates that cardholders and vendors are not consistently aware of the exemption process.

Sales tax overpayments represent avoidable administrative burden and inefficiency. They also suggest opportunities to better educate employees and vendors on proper use of the City's exemption certificate.

RECOMMENDATIONS

6.5.1 The City should reinforce through training that Vineyard City is exempt from Utah sales tax and that employees must present the City's tax-exemption certificate at the time of purchase. Training should emphasize that failure to claim the exemption results in unnecessary public expense and requires additional administrative effort to seek refunds. Ensuring employees understand when and how to use the exemption will help reduce avoidable charges and support proper stewardship of public funds.

6.5.2 The City should make the tax-exemption certificate easily accessible in both digital and physical formats to all departments and purchasing cardholders. This may include storing a digital version in a shared drive, providing laminated cards for field staff, or embedding the certificate directly into Spend Clarity resources. Easy access will help ensure employees can readily provide the certificate at the point of sale, especially in situations where purchases occur off-site or unexpectedly.

6.5.3 The City should require cardholders to document in Spend Clarity whether the tax-exemption was applied for each food or gift purchase, and if it was not, to provide a brief explanation describing why the exemption could not be used. This narrative should accompany the transaction and be reviewed as part of the approval process. Clearly documenting tax-exemption efforts will help reviewers understand the circumstances and maintain transparency regarding compliance with the exemption requirement.

6.5.4 The City should periodically review transactions to ensure that the tax-exemption is consistently claimed and should follow up on repeated exceptions. Finance staff should identify patterns where sales tax continues to be charged, communicate with affected departments, and provide additional training or clarification when needed. Regular monitoring will help reinforce expectations, reduce unnecessary costs, and improve overall compliance with the City's tax-exemption status.

7. VEHICLE ASSIGNMENT AND FUEL USAGE

The review of Vineyard City's vehicle fleet and fuel card program was conducted to evaluate whether internal controls adequately ensure the proper use, monitoring, and oversight of City-owned vehicles and fuel expenditures. The objective was to assess whether the City has established effective policies, procedures, and accountability measures to prevent misuse, detect irregularities, and promote efficient vehicle utilization in alignment with public stewardship standards.

Testing and inquiry revealed that Vineyard City does not have a formal, written policy governing vehicle usage, fuel card issuance, or fuel purchase authorization. Program administration is divided among several departments—Human Resources, Public Works, and Finance—with no single office assigned overarching responsibility for compliance monitoring or reporting. Card issuance, vehicle assignment, and card deactivation are managed informally, and oversight activities are largely reactive rather than preventive.

Key weaknesses were observed in several areas: the absence of written procedures or transaction limits, lack of fuel-to-vehicle reconciliation, minimal analysis of fuel data, and limited documentation of vehicle usage. These gaps collectively reduce the City's ability to ensure that vehicles and fuel resources are used strictly for official purposes and that all costs are properly monitored and verified.

RECURRING THEMES IDENTIFIED ACROSS THE REVIEW INCLUDE:

- Policy and Governance: No comprehensive written policy defines the roles, responsibilities, and controls for vehicle or fuel card administration.

- Monitoring and Accountability: Fuel purchases are not reconciled to mileage or trip data, and usage reports are not routinely analyzed for anomalies or inefficiencies.

- System and Control Gaps: The CFN (Commercial Fueling Network) fuel system lacks purchase or gallon limits, and there are no automated controls to prevent excessive or unauthorized fueling.

- Oversight Fragmentation: Management responsibilities are split across multiple departments without centralized oversight, resulting in inconsistent monitoring and delayed updates when vehicles are added or retired.

- Training and Awareness: Employees receive informal instruction but are not required to review or acknowledge fuel and vehicle-use expectations in writing.

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While no direct evidence of misuse was identified, the overall control environment for vehicle and fuel operations remains underdeveloped. The lack of documented standards, reconciliations, and ongoing analytical review increases the City's exposure to inefficiency, potential abuse, and public perception risk.

The following observations and recommendations are intended to assist the City in developing a comprehensive fleet and fuel management framework that promotes accountability, data-driven oversight, and protection of public assets.

OBSERVATION 7.1: LACK OF FORMAL WRITTEN POLICIES AND PROCEDURES

Vineyard City does not currently have a formal, written policy governing vehicle usage, fuel card issuance, fuel purchasing requirements, or the roles and responsibilities of departments involved in fleet and fuel management. Key activities—such as assigning fuel cards, updating vehicle information, authorizing usage, and deactivating cards when vehicles are removed from service—are handled informally between Human Resources, Public Works, and Finance. Employees receive verbal instruction on fueling expectations, but no formal guidance defines acceptable usage, prohibited activities, documentation requirements, or disciplinary actions for misuse.

The absence of a policy framework increases the risk of inconsistent practices, unclear expectations, and unauthorized or inefficient use of City vehicles and fuel resources. Without clear rules, employees may inadvertently misuse fuel cards, and managers lack an objective basis to evaluate appropriateness of usage or enforce corrective action. The gap in formal governance also contributes to fragmented oversight and limits the City's ability to demonstrate stewardship over vehicle assets and fuel expenditures.

RECOMMENDATIONS

7.1.1 The City should develop and adopt a comprehensive Vehicle and Fuel Card Policy that clearly outlines how fuel cards are issued, used, monitored, and deactivated, as well as what documentation is required, what activities are prohibited, and what disciplinary steps apply in the event of misuse. The policy should provide sufficient detail so that employees and supervisors understand expectations without relying on informal practices or verbal guidance.

7.1.2 The City should formally define the roles and responsibilities of each department involved in vehicle and fuel-card operations, including who authorizes and assigns cards, who maintains the official vehicle list, who monitors fuel usage for anomalies, and who is responsible for following up on exceptions or potential misuse. Clarifying these roles in writing will reduce ambiguity and ensure consistent application of controls.

7.1.3 All employees who operate City vehicles or use fuel cards should be required to sign a written acknowledgment confirming they have read, understand, and agree to comply with the Vehicle and Fuel Card Policy. These acknowledgments should be retained centrally so the City can demonstrate that employees were informed of expectations.

7.1.4 The policy should be reviewed annually, or more frequently if operational needs change, to ensure that it aligns with current practices, technology, and risks. Updates should be communicated to all affected departments, and revised acknowledgments should be collected when substantive changes occur.

7.1.5 The City should incorporate the Vehicle and Fuel Card Policy into onboarding materials for new employees, annual compliance training for all staff who use vehicles or fuel cards, and targeted supervisor training so managers understand their oversight responsibilities. Ensuring consistent training will help reinforce expectations and reduce the risk of misuse or inconsistent monitoring.

OBSERVATION 7.2: WEAK INTERNAL CONTROLS OVER VEHICLE USAGE

There are no written requirements for maintaining vehicle trip logs, reviewing take-home vehicle activity, or validating odometer readings beyond a single annual check. Without documentation of mileage, destination, and purpose, the City cannot substantiate that vehicles are used exclusively for official business. Further, the City does not require justification for take-home assignments or periodic review of those privileges, limiting accountability for after-hours use.

The absence of usage documentation prevents the City from verifying the accuracy of fuel expenditures, detecting potential personal use, or identifying inefficient driving patterns. Trip logs and odometer validation are foundational controls in public-sector fleet management, and their absence represents a significant gap in oversight.

RECOMMENDATIONS

7.2.1 Require that all non-emergency City vehicles maintain trip logs that document the date of travel, destination, business purpose, beginning and ending mileage, and the name of the driver. These logs should be completed contemporaneously with vehicle use so that the information is accurate, complete, and useful for later review.

7.2.2 Require supervisors to review each vehicle's trip log on a monthly basis, verifying that entries are reasonable, accurate, and consistent with operational needs. This review should include checking for unexplained mileage, incomplete entries, or patterns suggesting possible non-business use.

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7.2.3 Implement quarterly odometer checks for every City vehicle to validate that recorded mileage aligns with fuel consumption, trip logs, and maintenance records. These periodic checks will help identify discrepancies early and strengthen the accuracy of vehicle-usage data.

7.2.4 Establish clear criteria governing the assignment of take-home vehicles—including job responsibilities, on-call requirements, and documented justification—and require that any such assignments receive formal approval annually. This process should ensure that take-home status is granted only when operationally necessary and remains appropriate over time.

7.2.5 Implement periodic audits that compare recorded mileage against fuel consumption to identify potential anomalies, inefficiencies, or indicators of misuse. These audits should be performed by Finance or an independent reviewer and should be used to inform corrective actions, training needs, or policy refinements.

OBSERVATION 7.3: LIMITED MONITORING AND RECONCILIATION ACTIVITIES

Fuel purchases are reviewed monthly for anomalies, but no reconciliation is performed between fuel transactions and vehicle mileage logs or usage data. Without mileage or trip documentation, the City cannot verify whether quantities purchased are reasonable relative to expected vehicle performance. GPS tracking is not in place for any vehicles, further limiting the City's ability to independently validate reported usage.

The lack of detailed monitoring creates the risk that excessive or unauthorized fueling may go undetected. It also impedes the City's ability to evaluate fuel efficiency, identify mechanical problems affecting MPG, or assess fleet utilization.

RECOMMENDATIONS

7.3.1 Reconcile monthly fuel purchases against recorded mileage and trip-log entries to verify that fuel usage is reasonable and consistent with documented vehicle activity. This reconciliation should identify whether the volume of fuel purchased aligns with actual miles driven and should flag discrepancies for follow-up.

7.3.2 Implement fuel-consumption benchmarks for each vehicle—such as expected miles per gallon based on vehicle type, age, and operating conditions—and require staff to investigate any fueling activity that falls significantly outside these expected ranges.

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Documenting and reviewing exceptions will help detect inefficiencies, mechanical issues, or potential misuse.

7.3.3 Evaluate the feasibility of incorporating GPS tracking technology on high-use, shared, or take-home vehicles to improve monitoring of actual mileage, route efficiency, and confirmation that travel is City-related. This evaluation should include cost considerations, data-security protections, and the operational benefits of improved oversight.

7.3.4 Require supervisors to review monthly fuel-usage reports for the vehicles assigned to their departments, confirming that fuel consumption aligns with operational activity, staffing levels, and known job duties. Supervisory review should include identifying any unusual patterns, duplicate fuelings, or transactions outside normal working hours.

7.3.5 Develop and implement a structured variance-review process for unexplained or excessive fueling activity. Variances should be documented, investigated, and resolved, with follow-up actions ranging from employee clarification and retraining to escalated review if patterns of concern persist.

OBSERVATION 7.4: INCOMPLETE FLEET-TO-FUEL CARD RECONCILIATION

Fuel cards are matched to vehicles only at the beginning and end of the fiscal year. When vehicles are sold, retired, or transferred, HR relies on manual communication from Public Works to initiate card cancellation. No routine monthly or quarterly reconciliation is performed to ensure that all active cards correspond to vehicles currently in service.

This manual, infrequent reconciliation increases the risk that cards remain active after vehicles are removed from the fleet—creating an opportunity for unauthorized fueling, especially in cases where physical cards are not collected promptly.

RECOMMENDATIONS

7.4.1 The City should perform monthly or quarterly reconciliations comparing all active fuel cards against the current fleet roster to ensure that every issued card is tied to an existing, operational vehicle. This reconciliation will help identify cards that remain active after vehicles are sold, retired, or transferred, allowing the City to deactivate unused cards promptly and reduce the risk of unauthorized fuel purchases.

7.4.2 Public Works should be required to notify HR and Finance in writing whenever vehicles are added, removed, reassigned, or placed out of service. Formalizing this communication ensures that all departments responsible for fuel card management

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receive timely updates and can take appropriate action to assign, deactivate, or reassign fuel cards consistent with the City's operational needs.

7.4.3 The City should maintain a central Fuel Card Inventory Log documenting each card number, the vehicle or equipment to which it is assigned, the responsible department, and the card's active or inactive status. Keeping this information in a single, authoritative location strengthens oversight and enables staff to verify assignments quickly during routine reconciliations or investigations.

7.4.4 When vehicles are disposed of, transferred, or permanently taken out of service, fuel cards associated with those vehicles should be returned and destroyed immediately. This step prevents cards from remaining active after their associated vehicle is no longer part of the fleet and ensures that obsolete cards cannot be used for unauthorized fuel purchases.

7.4.5 The City should conduct an annual audit of all fuel cards to confirm that each card is properly assigned, active cards are still needed, and inactive cards have been closed. This periodic verification serves as an additional safeguard to ensure the accuracy of fleet-to-fuel card assignments, reinforce accountability across departments, and reduce risk associated with outdated or unmonitored cards.

OBSERVATION 7.5: ABSENCE OF FUEL CARD TRANSACTION LIMITS

The CFN fuel system does not enforce transaction limits, gallon thresholds, frequency restrictions, or monthly caps. Fuel cards can be used without constraints on volume or dollar amount. While most fueling appears reasonable, unlimited fueling capacity creates unnecessary exposure to misuse.

Public-sector fuel programs commonly apply daily or monthly gallon limits, transaction limits, or vehicle-specific thresholds to mitigate risk. The absence of such controls means inappropriate fueling—whether intentional or accidental—may not be prevented or detected.

RECOMMENDATIONS

7.5.1 Configure the CFN system so that each fuel card has transaction-level and monthly gallon limits tied to the specific vehicle it is assigned to. Limits should reflect expected operational needs such as vehicle class, fuel tank capacity, typical route length, and departmental usage patterns. Establishing these limits within the system will prevent excessive or inappropriate fueling and create an automated first layer of control.

7.5.2 Create a formal exception process for situations where legitimate operational needs require fueling above the established limits. This process should require written

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supervisory approval, documentation describing the reason for the exception, and a defined timeframe or gallon amount for the temporary increase. Exception authorizations should be retained in a centralized file and available for audit review.

7.5.3 Require supervisors to review all fuel transactions that exceed pre-set thresholds, even when exceptions have been approved. This review should include verifying the business purpose, confirming consistency with mileage and vehicle use logs, and ensuring that the exception was not used excessively or without proper justification. Any unexplained or repeated overages should trigger follow-up or corrective action.

7.5.4 Establish an annual review process to evaluate whether gallon and transaction limits remain appropriate for each vehicle. This review should consider factors such as changes in vehicle assignments, updates to fleet inventory, variations in department operations, and actual fuel consumption trends observed over the prior year. Limits should be adjusted when necessary to maintain reasonable, risk-based controls without impeding legitimate operations.

7.5.5 Provide training to all cardholders to ensure they understand fuel card limits, how limits are determined, and the procedures that must be followed when exceptions are needed. Training should emphasize that limits are not optional, that exceeding them without approval may be considered misuse, and that adhering to these boundaries protects both the City and employees by ensuring transparency and accountability.

OBSERVATION 7.6: INADEQUATE OVERSIGHT AND REPORTING OF FUEL USAGE

Although CFN access was recently expanded, the City does not regularly generate or analyze fuel usage reports by vehicle, department, or driver. Metrics such as cost per mile, MPG, total gallons consumed, or fuel spending trends are not reviewed. Without routine reporting, anomalies such as excessive fuel consumption, out-of-pattern transactions, or usage spikes may go unnoticed.

The lack of analytical review reduces the City's ability to proactively manage fleet resources, evaluate vehicle replacement needs, or detect inefficiencies.

RECOMMENDATIONS

7.6.1 Produce monthly fuel usage reports for each vehicle and department, including gallons, total cost, cost per gallon, MPG, and any exceptions such as missing receipts or unusual fill-ups. Reports should be automated as much as possible and archived for trend analysis.

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7.6.2 Require supervisors to review the reports each month and document explanations for any outliers, such as unusually low MPG, repeated after-hours fueling, or multiple daily fill-ups. Explanations should be written and retained as part of fleet monitoring.

7.6.3 Use at least one full year of historical data to develop baseline performance metrics for different vehicle classes (e.g., pickup trucks, sedans, heavy equipment) so current fuel data can be compared to normal ranges.

7.6.4 Provide quarterly fleet-performance summaries to the City Manager or Council that highlight trends, problem areas, improvements, and any corrective actions taken. Summaries should include narrative explanations, not just raw numbers.

7.6.5 Incorporate fuel analytics into long-term fleet planning and budgeting by identifying vehicles that may need replacement, reassignment, or maintenance due to consistent inefficiency or above-average fuel use. This data should support capital planning decisions.

OBSERVATION 7.7: LACK OF EMPLOYEE AWARENESS OR TRAINING

Employees who use fuel cards receive verbal instruction but do not complete formal training or sign written acknowledgments outlining responsibilities and prohibited behaviors. Without documented awareness, employees may inadvertently misuse fuel cards or fail to understand reporting, documentation, or exception-handling requirements. Formal training is essential to establishing accountability and ensuring consistent application of policy.

RECOMMENDATIONS

7.7.1 Develop mandatory fuel card training that clearly explains card use, prohibited activities, documentation requirements, spending limits, and consequences for misuse. The training should include real examples of acceptable and unacceptable transactions.

7.7.2 Require all fuel card users and vehicle drivers to sign an annual acknowledgment confirming they understand their responsibilities, the limits on card usage, and the disciplinary steps for misuse.

7.7.3 Incorporate the fuel card training into new-hire onboarding and supervisor orientation so expectations are set before card access is granted.

7.7.4 Maintain training records and signed acknowledgments to support internal control monitoring, compliance reviews, and potential investigations of misuse.

OBSERVATION 7.8: GOVERNANCE ROLES ARE FRAGMENTED

Responsibilities for fuel cards and vehicles are divided among Human Resources (issuance and deactivation), Public Works (vehicle management), and Finance (review of expenditures). No centralized oversight function ensures coordination or accountability across these activities. Because duties are informally assigned and undocumented, communication gaps can occur—resulting in delayed card deactivations, inconsistent monitoring, and incomplete analysis of fuel data.

Fragmented governance is a core contributor to many of the control weaknesses identified in this review.

RECOMMENDATIONS

7.8.1 Assign centralized oversight of the vehicle and fuel program to a single department— preferably Public Works or Finance—with clear accountability for monitoring usage, enforcing policy, and reporting exceptions.

7.8.2 Establish written roles and responsibilities for each department, even if oversight is centralized. Responsibilities should cover approvals, recordkeeping, fueling practices, maintenance, and handling exceptions.

7.8.3 Create a cross-department workflow for vehicle additions, retirements, and fuel card changes that includes documented approval steps, record updates, and supervisor notification.

7.8.4 Require periodic cross-department coordination meetings to review fleet status, fuel data, problem areas, and any needed corrective actions. Meetings should result in basic action items and follow-up tracking.

7.8.5 Maintain a centralized repository of fleet records and fuel card documentation (assignments, limits, receipts, acknowledgments, reports), with access granted to all departments responsible for oversight or enforcement.

OBSERVATION 7.9: LARGE NUMBER OF UNASSIGNED BUT ACTIVE FUEL CARDS IN CFN

Vineyard City provided a listing of *39 active ("valid") fuel cards*, and all were confirmed as active within the CFN fuel-card system. However, during our reconciliation of the City's fleet inventory to the CFN platform, we identified *an additional 39 fuel cards* that were also marked as "valid" in CFN but *were not assigned to any vehicle* maintained on the City's official fleet listing.

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This means that *approximately half of all active fuel cards (39 of 78 total)* are not linked to a designated vehicle, asset, or employee. Fuel cards that are active but lack documented assignment increase the risk of misuse, unauthorized purchases, and weakened oversight. Without a documented assignment or purpose for each active card, the City cannot ensure that all fuel transactions support legitimate City operations.

In addition, unassigned active cards make it more difficult to perform accountability, track consumption trends, or identify improper or anomalous fuel usage.

RECOMMENDATIONS

7.9.1 The City should conduct a one-time cleanup to reconcile the 39 unassigned but active cards. Cards that are no longer needed should be deactivated within CFN. Cards that are legitimately used for equipment fueling (e.g., gas cans, small engines, generators) should be documented with a written assignment, including the responsible department, custodian, and intended use.

This ensures complete traceability and eliminates "floating" fuel cards that lack accountability.
7.9.2 The City should implement a centralized fuel-card inventory and require periodic reviews (at least quarterly) to verify card status and assignment.

A centralized log should track:
- card number,
- card status (active/inactive),
- assigned vehicle or equipment,
- employee custodian (if applicable), and
- activation/deactivation dates.

Departments or fleet management should review this inventory quarterly to confirm ongoing need and verify that no unassigned fuel cards remain active in the system. This control helps mitigate the risk of misuse, strengthens oversight of fuel expenditures, and improves the reliability of consumption analytics.

SUMMARY OF OBSERVATIONS & RECOMMENDATIONS

Observation 1.1: Improper Card Sharing
 1.1.1 Reinforce that purchasing cards are issued solely for individual use
 1.1.2 Require department head certification that all cards are assigned to named employees
 1.1.3 Establish a contingency process for legitimate short-term purchasing needs
 1.1.4 Map card numbers to active cardholders
 1.1.5 Document corrective actions taken to eliminate shared cards

Observation 1.2: Missing Supervisory Approvals & Inadequate Approval Controls
 1.2.1 Periodic review of approval assignments
 1.2.2 Control to prevent approvals when fields are blank or duplicated
 1.2.3 Reinforce substantive supervisory review
 1.2.4 Quarterly departmental self-checks of approval logs
 1.2.5 Document reasons when dual approvals were done by one individual

Observation 1.3: Split Transactions to Bypass Spending Limits
 1.3.1 Update policy to prohibit dividing purchases to avoid limits
 1.3.2 Standardized Temporary Limit Increase Request form
 1.3.3 Flag same-day/same-vendor transactions
 1.3.4 Provide periodic training on limits & pre-approval
 1.3.5 Semi-annual analytics on transaction data

Observation 1.4: Incomplete Cardholder Agreements
 1.4.1 Designate central custodian of all cardholder agreements
 1.4.2 Update agreement template with name, department, and card number
 1.4.3 Integrate agreement process into onboarding/separation checklists
 1.4.4 Require annual reaffirmations
 1.4.5 One-time reconciliation of all current cardholders

Observation 1.5: Insufficient Supporting Documentation
 1.5.1 Reinforce documentation standards
 1.5.2 Monthly quality-control reviews
 1.5.3 Validate documentation before approval
 1.5.4 Provide refresher training
 1.5.5 Incorporate documentation sufficiency into compliance reviews
 1.5.6 Centralized record of repeat exceptions
 1.5.7 Strengthen narrative justification requirements

Observation 1.6: Missing Receipts and Missing-Receipt Forms
 1.6.1 Update policy defining use of missing-receipt forms
 1.6.2 Require detailed written explanation on forms

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1.6.3 Supervisors must review missing-receipt forms closely
1.6.4 Flag missing-receipt transactions
1.6.5 Training emphasizing public money standards
1.6.6 Quarterly summary of missing-receipt forms
1.6.7 Integrate missing-receipt usage into performance reviews

Observation 1.7: Sales Tax Charged on Purchases
1.7.1 Reaffirm tax-exempt purchasing requirements
1.7.2 Maintain centralized tax-exempt certificate repository
1.7.3 Verification step to flag sales-tax transactions
1.7.4 Require documentation of tax-charged justification
1.7.5 Vendor outreach to fix tax-exempt status
1.7.6 Include tax-error summary in quarterly reports

Observation 1.8: Unclear Documentation for Spending Limit Increases
1.8.1 Standardized Temporary Limit Increase Request form/workflow
1.8.2 Every increase must be approved and uploaded to Spend Clarity
1.8.3 Restrict system access for limit changes
1.8.4 Maintain centralized log of limit increases
1.8.5 Include limit changes in internal monitoring reports
1.8.6 Provide refresher training on spending-limit controls

Observation 1.9: Duplicate or Single-Level Approvals
1.9.1 Review approval assignments to prevent single-person dual approvals
1.9.2 Periodic review of approver assignments
1.9.3 Automated alerts for missing approvals
1.9.4 Quarterly internal control reviews
1.9.5 Include approval compliance in regular reports
1.9.6 Reinforce substantive approval responsibilities

Observation 1.10: Inappropriate Use of P-Cards for Recurring Services
1.10.1 Revise policy prohibiting recurring or contracted services on P-Cards
1.10.2 Quarterly vendor review to transition recurring P-Card vendors
1.10.3 Formal workflow to convert recurring vendors
1.10.4 Guidance/training to departments
1.10.5 Flag recurring charges that should be paid through accounts payable process
1.10.6 Reinforce P-Cards as one-time/incidental use

Observation 1.11: Untimely Submission of Documentation
1.11.1 Supervisors should monitor and review documentation timeliness
1.11.2 Automated reminders for overdue uploads
1.11.3 Supervisory review of timeliness metrics
1.11.4 Include timeliness metrics in quarterly reports
1.11.5 Targeted refresher training

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1.11.6 Link untimeliness to performance evaluations
1.11.7 Assign Finance staff to monitor upload timeliness

Observation 2.1: Incomplete or Insufficient Travel Documentation
2.1.1 Reaffirm itemized documentation requirements
2.1.2 Implement a standardized Travel Documentation Checklist
2.1.3 Supervisors must verify documentation before approval
2.1.4 Integrate automated controls to flag missing attachments
2.1.5 Provide periodic training on documentation standards
2.1.6 Conduct quarterly Finance reviews of sample reimbursements

Observation 2.2: Missing, Late, or Incomplete Travel Reimbursement Forms
2.2.1 Require completed and approved forms within two weeks of travel
2.2.2 Implement electronic submission with timestamps
2.2.3 Configure automated reminders for due or late forms
2.2.4 Include timeliness/completeness metrics in quarterly reports
2.2.5 Require corrective action plans from departments with recurring issues
2.2.6 Link noncompliance to performance evaluations

Observation 2.3: Lack of Pre-Travel Authorization and Advance Approval
2.3.1 Require pre-travel authorization approved before reservations
2.3.2 Include estimated costs and justification on authorization form
2.3.3 Electronic workflow to prevent post-travel submissions without approval
2.3.4 Document exceptions (emergency travel) in writing
2.3.5 Provide training emphasizing need for preventive controls

Observation 2.4: Missing Supervisory and Department Head Approvals
2.4.1 Require both supervisory and department-head approvals
2.4.2 Supervisors must verify complete documentation before approval
2.4.3 Implement automated alerts for missing or duplicate approvals
2.4.4 Provide role-specific training for approvers
2.4.5 Include approval compliance metrics in quarterly Finance reports

Observation 2.5: Improper Payment Methods for Travel Expenses
2.5.1 Reaffirm requirement to use accounts payable for registrations and training fees
2.5.2 Flag registration-type transactions and ensure payment is through AP
2.5.3 Provide targeted training on proper payment methods
2.5.4 Finance should review P-Card transactions for registration-related charges
2.5.5 Establish limited exceptions for legitimate same-day/online registration

Observation 3.1: No Formal Cash Handling Policy
3.1.1 Develop and adopt a formal Cash Handling and Deposit Policy
3.1.2 Define roles, timelines, documentation, and security requirements
3.1.3 Require all departments handling cash to follow the same policy

3.1.4 Review policy at least every three years
3.1.5 Provide mandatory training to staff
3.1.6 Include cash handling in internal monitoring reviews

Observation 3.2: Incomplete Segregation of Duties & Lack of Independent Verification
3.2.1 Redesign workflow to separate receipt, deposit, and reconciliation
3.2.2 Require dual custody for all deposits
3.2.3 Implement an Independent Deposit Verification Log
3.2.4 Use compensating controls if full segregation is not feasible
3.2.5 Include segregation testing in annual internal control review
3.2.6 Provide training on segregation of duties

Observation 3.3: Delayed Deposits & Informal Metal Recycling Cash Receipts
3.3.1 Establish a two-business-day deposit requirement
3.3.2 Require deposits be made intact
3.3.3 Document every cash receipt and its source
3.3.4 Prohibit informal handling of funds
3.3.5 Require dual custody for all deposits
3.3.6 Conduct periodic reviews comparing logs to bank statements
3.3.7 Train departments on proper cash protocols

Observation 3.4: No Surprise or Independent Cash Counts
3.4.1 Require unannounced cash counts
3.4.2 Assign counts to someone outside daily duties
3.4.3 Use a standardized Cash Count Form
3.4.4 Require investigation of all variances
3.4.5 Adopt process now as proactive control
3.4.6 Provide staff training emphasizing accountability

Observation 3.5: Deposits Not Independently Reconciled
3.5.1 Assign reconciliation to someone not involved in cash handling
3.5.2 Require review and sign-off by independent official
3.5.3 Use standardized reconciliation form
3.5.4 Create monthly reconciliation review checklist
3.5.5 Use compensating controls if staffing is limited
3.5.6 Include reconciliation in internal control assessment

Observation 3.6: Prior Director's Unsecured Cash Box
3.6.1 Require all cash on-site to be logged and secured
3.6.2 Document authorized custodians and dollar limits
3.6.3 Prohibit undocumented/personal cash boxes
3.6.4 Perform one-time City-wide verification
3.6.5 Include custody verification in internal control reviews
3.6.6 Provide staff training on proper custody

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Observation 3.7: Dual-Signature Control Not Enforced
  3.7.1 Clarify that check stock note is not bank-enforced
  3.7.2 Verify dual signatures before release
  3.7.3 Review banking agreements & signature cards
  3.7.4 Perform periodic management review of check images
  3.7.5 Document any exceptions and follow up
  3.7.6 Provide training on reliance on actual internal controls

Observation 4.1: No Formal Utility Billing Policy or Fee Schedule
  4.1.1 Develop and adopt a formal Utility Billing Policy
  4.1.2 Create official fee schedule approved by City Council
  4.1.3 Define late-fee, adjustment, and classification procedures
  4.1.4 Maintain version control and periodic policy review
  4.1.5 Integrate policy into onboarding and training

Observation 4.2: Incomplete or Missing Service Addresses and Meter IDs
  4.2.1 Require all accounts to have a documented service location
  4.2.2 Standardize naming conventions and codes
  4.2.3 Ensure GIS and asset records match billing system
  4.2.4 Perform one-time cleanup of existing accounts
  4.2.5 Cross-reference with City asset-management system

Observation 4.3: Difficulty Verifying Ownership Through Parcel Records
  4.3.1 Create central inventory linking meters to assets/parcels
  4.3.2 Coordinate with GIS for mapping of service points
  4.3.3 Define documentation rules when parcel numbers are unavailable
  4.3.4 Align billing with asset-management and GIS systems
  4.3.5 Implement periodic ownership verification

Observation 4.4: Manual Adjustments and Fee Reversals Without Procedures
  4.4.1 Establish formal procedures for late-fee/adjustment handling
  4.4.2 Define authorization thresholds and written justification
  4.4.3 Require supporting documentation for reversals
  4.4.4 Configure billing software to record reasons for adjustments
  4.4.5 Provide training & periodic reviews of adjustment logs
  4.4.6 Include adjustments in internal monitoring reports

Observation 4.5: Non-Parcel Infrastructure Accounts Lack Documentation
  4.5.1 Create documentation rules for non-parcel assets
  4.5.2 Require field verification or staff explanation
  4.5.3 Integrate non-parcel accounts into GIS/assets
  4.5.4 Maintain cross-reference tables
  4.5.5 Periodically verify account purpose with Public Works

Observation 4.6: Heavy Reliance on Staff Knowledge & Informal Notes
    4.6.1 Standardize description requirements
    4.6.2 Update legacy records and descriptions
    4.6.3 Maintain centralized description reference file
    4.6.4 Link descriptions to GIS and asset-management
    4.6.5 Conduct periodic review of account descriptions

Observation 5.1: No Formal RDA Payment Tracking/Documentation Process
    5.1.1 Develop a formal RDA payment documentation standard
    5.1.2 Require invoice breakdowns for each payment
    5.1.3 Only accept invoices tied to approved agreements
    5.1.4 Implement cross-check against City Council approvals
    5.1.5 Create central repository of agreements & amendments

Observation 5.2: Heavy Reliance on External Developer Invoices
    5.2.1 Require developer invoices to cite project phase
    5.2.2 Develop internal checklists for invoice review
    5.2.3 Require periodic reconciliations against contracts
    5.2.4 Maintain timeline tracking of reimbursement tranches
    5.2.5 Include RDA payment validation in future audits

Observation 5.3: Unsubstantiated Labor Multipliers & Lack of Rate Authorization
    5.3.1 Require AG to provide subcontractor rate sheets and agreements
    5.3.2 Prohibit reimbursement of undocumented multipliers or markups
    5.3.3 Define "actual costs incurred" in future agreements, including rules on markups
    5.3.4 Require AG to certify contractual basis for all subcontractor charges
    5.3.5 Perform a targeted review of high-dollar subcontractor billing structures
    5.3.6 Add explicit multiplier and markup limitations to future RDA agreements

Observation 5.4: Insufficient Detail in Subcontractor Billing Descriptions & Quantities
    5.4.1 Require detailed work descriptions for all billed activities
    5.4.2 Require third-party documentation supporting all quantity-based charges
    5.4.3 Adopt standardized invoice documentation templates for subcontractors
    5.4.4 Require field-level verification for specialized or high-dollar services
    5.4.5 Escalate invoices lacking detail and require supplemental documentation
    5.4.6 Incorporate detailed documentation requirements into future agreements

Observation 5.5: Reliance on Email Summaries Instead of Third-Party Documentation
    5.5.1 Require formal subcontractor invoices for all billed amounts
    5.5.2 Treat emails as supplemental, not primary, documentation
    5.5.3 Require AG to certify that all billed amounts are based on actual invoices
    5.5.4 Establish documentation sufficiency standards prohibiting informal support

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5.5.5 Return reimbursement packets lacking formal third-party documentation

5.5.6 Add documentation requirements to future RDA agreements

Observation 5.6: Limited Documentation Supporting Change-Order Costs & Cost Escalations

5.6.1 Require written explanations and justification for cost increases

5.6.2 Establish a formal change-order documentation and approval process

5.6.3 Incorporate structured variance analysis into the reimbursement review

5.6.4 Require subcontractor-level detail for all scope changes or escalations

5.6.5 Add formal change-order requirements into future RDA agreements

Observation 5.7: No Independent Verification of Work Performed

5.7.1 Require documented verification of billed work (inspections, photos, reports)

5.7.2 Implement periodic City-led field inspections tied to reimbursement packets

5.7.3 Require third-party documentation for quantity-based charges

5.7.4 Use independent engineering review for high-dollar or complex invoices

5.7.5 Require AG certification of work completion and verification

5.7.6 Include verification requirements in future RDA agreements

Observation 5.8: Lack of Response to Written Inquiries & Insufficient Communication Channels

5.8.1 Establish formal written-response timelines for reimbursement inquiries

5.8.2 Require all clarifications to be provided in written, auditable form

5.8.3 Implement a tracking log for all outstanding inquiries

5.8.4 Require AG and the RDA Director to provide supplemental documentation as needed

5.8.5 Add communication-response expectations to future RDA agreements

Observation 5.9: RDA Board Oversight Focused on High-Level Updates, Not Transaction-Level Review

5.9.1 Provide structured financial reporting to the RDA Board

5.9.2 Brief the Board on high-dollar or complex reimbursement packets

5.9.3 Adopt a formal oversight protocol defining Board review expectations

5.9.4 Include RDA oversight in the City's annual audit and planning cycle

5.9.5 Add Board-level oversight expectations to future development agreements

Observation 6.1: No Formal Food and Recognition Policy

6.1.1 Adopt written policy defining allowable expenses

6.1.2 Require business purpose documentation

6.1.3 Establish spending caps and approval rules

6.1.4 Require itemized receipts

6.1.5 Train departments on policy requirements

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Observation 6.2: Inconsistent Documentation and Vague Descriptions

    6.2.1 Require narrative justification for all food purchases

    6.2.2 Standardize description categories in Spend Clarity

    6.2.3 Supervisors must verify documentation before approval

    6.2.4 Flag vague or generic descriptors for review

    6.2.5 Include documentation quality metrics in compliance reports

Observation 6.3: Inadequate Business Purpose Descriptions

    6.3.1 Require clear, complete business-purpose statements for all food-related expenditures

    6.3.2 Include sample business-purpose narratives in policy and training materials

    6.3.3 Flag blank or generic justification fields before submission in Spend Clarity

    6.3.4 Require supervisors to return submissions with insufficient purpose statements for revision

Observation 6.4: Lack of Authorization and Approval Controls

    6.4.1 Require preauthorization for food and gift expenditures above a modest dollar threshold

    6.4.2 Require supervisory/department-head approval both before purchase and at reconciliation

    6.4.3 Ensure food-related transactions cannot be finalized without required approvals and documentation

    6.4.4 Implement Finance monitoring to identify transactions missing preauthorization or supervisor approval

    6.4.5 Emphasize through training that management review is a key safeguard for sensitive, discretionary spending

Observation 6.5: Sales Tax Charged on Food Purchases

    6.5.1 Reinforce through training that Vineyard City is sales-tax exempt and that employees must use the exemption

    6.5.2 Make the tax-exemption certificate easily accessible in digital and physical formats to all cardholders

    6.5.3 Require cardholders to document in Spend Clarity whether the exemption was applied and explain any exceptions

    6.5.4 Periodically review transactions for sales-tax charges and follow up on recurring exceptions with targeted training

Observation 7.1: No Formal Vehicle Assignment Policy

    7.1.1 Develop policy defining vehicle assignment criteria

    7.1.2 Require written justification for each assigned vehicle

    7.1.3 Maintain central vehicle assignment log

    7.1.4 Define take-home vehicle approval requirements

    7.1.5 Conduct annual justification reviews

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Observation 7.2: Gaps in Fuel Card Assignment & Monitoring
    7.2.1 Link each fuel card to a specific vehicle or employee
    7.2.2 Maintain centralized fuel card inventory
    7.2.3 Require receipt uploads for fuel purchases
    7.2.4 Enforce spending limits and exception reviews
    7.2.5 Include fuel card metrics in compliance reporting

Observation 7.3: No Mileage-to-Fuel Reconciliation
    7.3.1 Collect odometer readings on fuel purchases
    7.3.2 Track MPG within vehicle classes
    7.3.3 Identify vehicles with outlier performance
    7.3.4 Require explanation for variances
    7.3.5 Provide annual vehicle efficiency summary

Observation 7.4: Lack of Preventive Maintenance Tracking
    7.4.1 Create maintenance schedules by vehicle type
    7.4.2 Require logging of services completed
    7.4.3 Track maintenance costs & frequency
    7.4.4 Use data to inform replacement decisions
    7.4.5 Include preventive maintenance in fleet reports

Observation 7.5: Use of Fuel for Non-City Purposes Not Currently Prevented
    7.5.1 Require employee certifications on fuel use
    7.5.2 Provide training on public resource stewardship
    7.5.3 Monitor fueling logs for off-hour anomalies
    7.5.4 Configure alerts for atypical fueling patterns
    7.5.5 Perform random spot checks of fuel usage

Observation 7.6: Inadequate Oversight and Reporting of Fuel Usage
    7.6.1 Produce monthly fuel usage reports per vehicle/department
    7.6.2 Supervisors must review and document outliers
    7.6.3 Use historical data to define baseline metrics
    7.6.4 Provide quarterly fleet-performance summaries
    7.6.5 Use fuel analytics for planning and budgeting

Observation 7.7: Lack of Employee Awareness or Training
    7.7.1 Develop mandatory fuel card training
    7.7.2 Require annual acknowledgment of responsibilities
    7.7.3 Integrate training into onboarding & supervisor orientation
    7.7.4 Maintain training and acknowledgment records

Observation 7.8: Governance Roles Are Fragmented
    7.8.1 Assign centralized oversight to one department
    7.8.2 Establish written roles and responsibilities

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7.8.3 Create workflow for vehicle/fuel card changes

7.8.4 Require periodic coordination meetings

7.8.5 Maintain centralized repository of records

Observation 7.9: Large Number of Unassigned but Active Fuel Cards in CFN

7.9.1 Conduct a one-time cleanup to reconcile all 39 unassigned active cards; deactivate those no longer needed and formally assign any cards legitimately used for equipment fueling, documenting department, custodian, and intended use

7.9.2 Implement a centralized fuel-card inventory and require quarterly reviews to verify card status, assignment, and continued need, including tracking card number, status, assigned vehicle/equipment, custodian, and activation/deactivation dates

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