



# CITY OF WILMINGTON

## Conflicts of Interest (Boards and Commissions) Internal Audit Review

December 16, 2020

### City Auditor's Office

Terence J. Williams  
City Auditor  
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### Highlights

#### *Why We Did This Audit*

Internal Audit (IA) performed a scheduled audit of the Conflicts of Interest (Boards & Commissions). The audit was performed in accordance with the 2020 Internal Audit Plan.

#### *Methodology*

The objectives were met through research, interviewing City of Wilmington staff, Board and Commission members, as well as reviewing existing policies & procedures pertaining to conflicts of interest and code of ethics. We also performed a review of financial disclosures completed by appointed and elected City employees' and other members of the enumerated COWBAC's.

#### *Audit Review Committee:*

Ronald Pinkett, Chair

Ciro Adams  
Marchelle Basnight  
Angelique Dennis  
Bud Freel  
Tanya Washington

### *Objective and Scope*

Internal Audit (IA) conducted a Performance Audit of Conflict of Interest (COI) with regards to Boards and Commissions. The audit objectives were to determine whether adequate oversight is provided to identify and monitor COI of the City's Boards and Commissions. The scope of the audit will cover City of Wilmington (CoW) active board and commission members from July 01, 2018 to December 31, 2019. IA believes that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We conducted our audit in accordance with Generally Accepted Government Auditing Standards ("GAGAS"). These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

### *Background*

Wilmington's City Code defines COI as when a personal or private interest in a matter is an interest which tends to impair a person's independence or judgement in the performance of his duties with respect to that matter. As public employees, City of Wilmington employees, elected officials, appointed officials and honorary officials are subject to various Code of Ethics laws and regulations pertaining to COI.

The primary governing documents of COI are the Wilmington's City Code Sec. 2-241 and 2-345. Code of Ethics Sec.2-241 of the City Code provides concepts that maintains the CoW's public trust and to assure ethical guidelines are in place to promote transparency and honesty of city employees, elected and appointed officials and honorary officials. Code of Ethics are administered and implemented by the Wilmington Ethics Committee.

The commission consist of seven members appointed by the Mayor and by resolution of a City Council majority vote. Members of the Wilmington Ethics Commission shall not hold any elected or appointed office under the United States or the State of Delaware and not more than four members can be registered with the same political party or hold any political office or an office in a political campaign. The City Solicitor provides legal counsel and representation to the Ethics Commission.

In addition, City Code Sec. 2-345 requires that all elected, appointed officials, certain city employees & members of boards and commissions submit a financial disclosure within 14 days of becoming a <sup>1</sup>filer and annually filed by May 1st. As of October 8th, 2018, revisions were made to the City Code requiring financial disclosures from not only specific city positions but to all appointed and elected officials in addition to any members of the eight enumerated boards and commissions listed below:

- Audit Review Committee
- Board of L&I Review
- City Officer and Employee Residency Review Board
- City Planning Commission
- Wilmington Design Review and Preservation Commission
- Wilmington Ethics Commission
- Wilmington Water, Sewer, and Stormwater Citizen Advisory Board
- Zoning Board of Adjustment

### ***Key Statistics***

After reviewing pertinent documentation of “COWBAC”, it was discovered that the City has a total of 78 boards and commissions; however, it could not be determined if all boards and commissions were active. Although, there are 78 boards and commissions, only eight of the boards and commissions require that all members submit a financial disclosure form. Each one of those enumerated boards and commissions were assessed to determine if all members were in compliance with the City Code Sec. 2-345 (b). Below are the results.

<b>City of Wilmington Enumerated Boards &amp; Commissions Financial Disclosure Form Submission</b>			
<b>Boards &amp; Commissions</b>	<b>100% Compliance</b>		<b>Comments</b>
	<b>Yes</b>	<b>No</b>	
Audit Review Committee	✓		
Board of L&I Review	✓		
City Officer and Employee Residency Review Board		✓	One member had an unknown status and no form on file
City Planning Commission	✓		
Wilmington Design Review and Preservation Commission		✓	Two members did not have a form; One-member’s form was not notarized, as required
Wilmington Ethics Commission	✓		
Wilmington Water, Sewer, and Stormwater Citizen Advisory Board	✓		
Zoning Board of Adjustments	✓		

*Data based on member status as of December 31<sup>st</sup>, 2019*

<sup>1</sup> All elected and appointed officials, member of the enumerated boards and commissions any city employee or member designated by rule of the ethics commissions

**What we found**

**Key Findings**

Following are key issues that resulted in a process or area to be risk rated a three or four. See **Attachment A** for the detail of these and all comments identified during the review.

Risk Ranking:		(See Attachment B for full rating definitions)			
Process / Area	Process / Area Owner	1 Strong Controls	2 Controlled Effectively	3 Controlled - Improvement Required	4 Significant Improvement Required
Policy & Procedure	Earl Cooper; Ethics Commission; Tara DiRocco; John D'Amelio				✓
Record Retention	Ethics Commission; Demond Mays				✓
Compliance	Earl Cooper; Ethics Commission			✓	

**Policy & Procedure**

1. There are currently no policies and procedures in place to ensure there are no COI with vendors utilized by the City. No evidence exists of periodic comparison of vendor information with current employees' information such as addresses and telephone numbers.
2. There is no training and a lack of organizational awareness with regards to COI.

**Record Retention**

3. Controls related to records management need improvement. The current process is antiquated and involves sorting through over 400 pages of documents in order to review disclosure forms.

**Compliance**

4. Noncompliance exists surrounding following the requirements of City Code Sec. 2-11. There is no computerized database exists of city boards, commissions, task forces, committees, and similar entities, collectively referred to as City of Wilmington Boards and Commissions ("COWBAC") as required in the City Code Sec. 2-11. There is also no evidence that the "COWBAC" word document has been updated quarterly as required in the City Code Sec. 2-11. No modifications have been done since May 22, 2019
5. Controls do not exist with regards to examining disclosures received from elected or appointed members of the eight enumerated COWBAC's City Code Sec. 2-345.1 (b) for accuracy and completeness.

## *Management Responses to Audit Recommendations*

### Summary of Management Responses

#### **Recommendation #1:**

Procurement should establish a process to ensure there is no COI with vendors by checking commonalities of current employees, board and commission members.

**Management response & action plan: TBD**

**Completion Date: TBD**

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#### **Recommendation #2:**

HR should conduct an annual Code of Ethics/conflict of interest training to all employees and have employees sign an acknowledgement of policy signage should also be displayed to promote awareness in high-traffic areas throughout the City/County building. This would foster transparency and give employees initiative. In addition, Ethics Commission should consider developing a “Guide of Ethics” to enhance the overall awareness

**Management response & action plan:**

The Ethics Commission approved an FAQ on Conflicts of Interest (akin to a Guide of Ethics) at its meeting on July 14, 2020 and posted the FAQ on its website. This is complete.

Once the Boards and Commissions database in Finding #1 is completed, the Commission and HR will send the FAQ to all Board and Commission members. That should be completed no later than December 31, 2020.

HR will develop an acknowledgement of policy form related to conflict of interest. In coordination with City employees, who staff the various boards and commissions, HR will have board and commission members sign or electronically acknowledge the acknowledgment form by March 31, 2021.

Finally, the Ethics Commission in coordination with HR will develop an Ethics Training session including a conflict of interest training. The Commission intends to offer the training live to City Council during its transition and to certain City employees and appointed officials. After a few sessions are presented and common questions are identified, the Commission will create a video of the training. HR is working on developing training software that can incorporate this video. By June 30, 2021, HR and the Commission intend to have the video offered and watched by all Board and Commission members designated in City Code Sec. 2-345.1

**Completion Date: June 30, 2021**

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#### **Recommendation #3:**

The Ethics Commission should consider having the disclosure form in electronic form within a data management system.

**Management response & action plan:**

The disclosure forms are maintained in a paper and electronic file. The Ethics Commission disagrees that the documents are at risk of being destroyed, misplaced, or lost.

The current system is somewhat antiquated in that there is not a searchable database with the information from the disclosure forms. The Commission does not have the expertise to create such a database or data management system. It would welcome the assistance of the City IT Department in creating such a system and understands that the IT Department is working on potential database solutions. The IT Department expects to be able to provide options to the Commission for its October meeting and complete such a database by the end of the year

**Completion Date:** 12/31/2020

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**Recommendation #4:**

The designee should invest in an online database that is user-friendly, easy to navigate and cost efficient. This would decrease human errors, increase accuracy and allow for monitoring and tracking of changes to the “COWBAC”.

**Management response & action plan:** TBD

**Completion Date:** TBD

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**Recommendation #5:**

The Ethic Commission should perform periodic audits of received disclosures to ensure 100% compliance.

**Management response & action plan:**

After the 2019 disclosure submissions (the first year for the current form and process), Commission staff reviewed the completed forms and identified common errors and apparent points of confusion. Based on that review, the Commission drafted and approved FAQs on February 11, 2020 to be provided to filers along with the forms to assist filers in completing the forms correctly. The Commission provided the FAQs to filers in advance of the 2020 form submissions. The 2020 submissions are being reviewed by Commission staff for completeness and compliance. A final report will be made to the Commission on those issues on October 13, 2020.

**Completion Date:** 10/13/2020

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**Recommendation #6:**

The designee should conduct an audit of all “COWBAC” by contacting each president/chair to verify members and status. Thereafter, each board and commission should provide quarterly updates to designee.

**Management response & action plan:** TBD

**Completion Date:** TBD

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**Audit Team**

MaDonna Woodson, Senior Auditor  
Tamara Thompson, Audit Manager