CITY OF WINSTON-SALEM
REPORT ON COMPLIANCE WITH RESIDENCY REQUIREMENT POLICY

Submitted by:
Office of Performance and Accountability
Internal Audit Division
November 2020
Organization Overview

The Human Resources Department (HR) is responsible for enforcing the Residency Requirement Policy while maintaining the Residency Affidavits and the verification documents of principal residence submitted by the employees.

Sources of Compliance Requirements

Compliance requirements are defined in the City Administrative Residency Requirement Policy (Residency Requirement Policy) and Residency Compliance Memo. The policy provides guidelines for residency requirement procedures. The memo summarizes the policy and requires all employees subject to the provisions of this policy to submit affidavits and the appropriate documents to verify their principal residence.

Definition of Compliance Requirements

Pursuant to Article IV. Officers and Employees, Sec. 2-313(b) Residency Requirement, of the Winston-Salem Code of Ordinances, "effective January 18, 1994, no person shall be hired, promoted, transferred or reclassified to the position of City Manager, Deputy City Manager, Assistant City Manager, City Attorney, or department, division or office head unless that person maintains his/her principal residence within the corporate limits of the city, or establishes his/her principal residence within the corporate limits of the city within 180 days of the effective date of the personnel action".

Additionally, "all persons hired, promoted, transferred or reclassified to a public safety position (sworn police personnel or fire suppression personnel below the level of department, division or office head) shall be required to maintain their principal residence in the county [Forsyth] or any county contiguous to the county [Forsyth] or establish their principal residence within one of such areas within 180 days of the effective date of the personnel action".

For purposes of this policy, principal residence is defined as the dwelling where the employee maintains basic life activities, i.e. sleeping, meals, conducting family activities, etc. An employee can only have one principal residence. Further, principal residency is demonstrated by the dwelling address listed on the employee's driver's license, North Carolina income tax statement, vehicle title and vehicle insurance policy; and the corporate limits of the jurisdiction where the employee is registered to vote, where the employee's vehicle is registered, and where utility bills and property taxes are paid on the principal residence.

Any department, division, or office head residing outside of the corporate limits of the area designated in the residency requirement as of June 6, 2018 is grandfathered for their current position.

In addition to the requirements above, each employee must also sign the Residency Policy Affidavit form verifying their principal residence.

All employees, including those grandfathered in, who are promoted, transferred, or reclassified into another position for which residency is required will be contingent on full compliance with the residency policy including demonstration of principal residence compliance within 180 days of the effective date of the personnel action.

All new hires into positions for which residency is required must comply with and demonstrate compliance within 180 days of hire.
Scope of Audit Procedures Performed

The audit concentrated on examining the residency policy affidavits and supporting documentation for compliance with the Residency Requirement Policy and Residency Compliance Memo. Additionally, public safety position requirements were examined for maintaining their principal residence in the county [Forsyth] or any county contiguous to the county [Forsyth] or establish their principal residence within one of such areas within 180 days of the effective date of the personnel action.

The following data was included in the Residency Requirement Policy testing:

<table>
<thead>
<tr>
<th>Employees Tested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affidavit and Policy Testing</td>
</tr>
<tr>
<td>Public Safety Testing</td>
</tr>
</tbody>
</table>

Findings and Recommendations

1. **Proof of principal residence was not included with the affidavit.**

Per the Residency Requirement Memo, all employees who are subject to the provisions of the Residency Requirement Policy are to submit the appropriate documents that verify their principal residence. Evidence of principal residence is demonstrated by the address listed on the following documents:

- Employee’s driver’s license
- North Carolina income tax statement
- Employee’s vehicle title and/or registration
- Employee’s vehicle insurance policy
- Employee’s voter registration card
- Utility bills for the principal residence
- Property tax bill for the principal residence

Internal Audit noted evidence of principal residence could not be found for one employee. It is recommended for HR to request the proper documentation from the employee to verify their principal residence in accordance with the Residency Requirement Policy.

**Management Response:** We shared this report with our new Sr. HR Analyst over recruitment, and she will work with her staff to ensure that all information requested is in accordance with the policy.

2. **Public safety personnel do not maintain proper principal residence in accordance to the policy.**

Per the Residency Requirement Policy, "all persons hired, promoted, transferred or reclassified to a public safety position (sworn police personnel or fire suppression personnel below the level of department, division or office head) shall be required to maintain their principal residence in the county [Forsyth] or any county contiguous to the county [Forsyth] or establish their principal residence within one of such areas within 180 days of the effective date of the personnel action."

Four public safety personnel do not maintain their principal residence in Forsyth County or any county contiguous to Forsyth County. It is recommended for HR to assess the employees’ principal residence and work with the public safety personnel to ensure compliance with the Residency Requirement Policy.
Management Response: We will get with Public Safety staff and recruitment staff to ensure the policy is followed in recruitment and recertification.

Observations and Recommendations

1. **Proof of residency submitted did not match the accepted documents list within the policy.**

The Residency Requirement Policy states that evidence of principal residence is demonstrated by the address listed on the following documents:

- Employee’s driver’s license
- North Carolina income tax statement
- Employee’s vehicle title and/or registration
- Employee’s vehicle insurance policy
- Employer’s voter registration card
- Utility bills for the principal residence
- Property tax bill for the principal residence

One employee provided their home loan as proof of residency. If this form of documentation is acceptable, it is recommended to include it within the list of acceptable documents. If this form of documentation is not acceptable, it is recommended for the Human Resources Department to request the employee submit one of the documents listed within the policy.

Management Response: Staff has been advised of this failure and the new Sr. HR Recruitment Analyst is reminding staff of their responsibilities under the policy and permitted and accepted documentation.

2. **Policy does not include all theoretical scenarios that could occur with the Residency Requirement.**

The Residency Requirement Policy provides guidelines for residency requirement procedures. Internal Audit discovered other scenarios that could take place that were not addressed within the policy. Situations that were not addressed in the policy include:

- Policy states, any grandfathered employee that subsequently moves into the city limits will be required to remain in the city limits as long as said employee holds a position that requires city residency. The same applies if a grandfathered employee moves into the county and the position requires county residency, then the employee will be required to remain in the county limits as long as the employee holds a position that requires county residency. However, the policy does not address whether a grandfathered employee is free to relocate outside of city/county limits and maintain their grandfathered status or whether they must move within city/county limits upon relocation.
- Policy does not state when an employee is promoted, transferred, or reclassified whether an updated affidavit form and proof of residency (if applicable) should be submitted.
- Policy does not state if an employee holds a residency requirement position and moves, whether it is required for the employee to update the proof of residency attached to the affidavit.

It is recommended for management to add guidance in the situations listed above.

Management Response: We will include this in the next round of policy revisions.
Respectfully submitted,

Francesca A. Adams
Internal Auditor

Heather D. Smith
Internal Audit Administrator

Distribution
Damon Dequenne
Marquis Barnett
Kemberly Ewing
Ben Rowe
Scott Tesh