



Audit Committee Meeting
Public Notice
Special Meeting
October 23, 2023 at 1:30 PM

**NOTICE OF PUBLIC MEETING
OF THE AUDIT COMMITTEE FOR THE PURPOSE OF RATIFYING
PAST ACTION TAKEN IN VIOLATION OF OPEN MEETING LAW**

It has been brought to the attention of the City Clerk that the Audit Committee meeting agenda for the September 28, 2023 Regular Meeting was not properly posted in accordance with Open Meeting Law due to an administrative error noting the incorrect meeting start time. Therefore, the meeting occurred in violation of Open Meeting Law.

Pursuant to A.R.S. §38-431.05, notice is hereby given to the members of the Audit Committee and to the general public that the Audit Committee will hold a Special Meeting open to the public on **Monday, October 23, 2023 at 1:30 PM**, virtually through Zoom (link below). The purpose of the meeting is to ratify prior actions of the meeting that was not properly noticed under the Open Meeting Law.

To join the meeting and view presentations, visit <https://avondaleaz.zoom.us/j/81223423069>

Using a Mobile Device? Download the Zoom Cloud Meeting App

To join the meeting with audio only (no presentations), call 301-715-8592 (meeting ID: 812 2342 3069)

The public may obtain a detailed written description of the action to be ratified, and all deliberations, consultations, and decisions by members of the public body that preceded and relate to this action to be ratified, at least 72-hours in advance of the meeting. The aforementioned detailed written description will be included in the **October 23, 2023 Special Meeting** agenda packet and can be accessed online at: www.avondaleaz.gov/boards.

The actions to be ratified involved:

1. Roll Call

2. Introductions

3. Approval of Audit Committee Minutes

The Audit Committee will consider approval of the May 25, 2023 minutes. The Audit Committee will take appropriate action.

4. Audit Status Report and Report Discussion

The City Auditor will present an overview of completed projects. A status report will be presented for all projects currently in progress. This item is for discussion only. No action is required at this time.

5. Risk Presentation

Mr. McGee, Audit Committee Vice Chair, will provide a presentation on risk, how risk influences the internal audit function, and why internal audit performs risk assessments. This item is for discussion only. No action is required at this time.

6. Audit Foundation/Sustainability Focus

The City Auditor will present a proposal to change priorities to focus on foundational documents and internal processes to create long term sustainability of the Office of the City Auditor. The Audit Committee will take appropriate action.

7. City Auditor Website

The City Auditor will present a draft of the public facing Office of the City Auditor website. This item is for discussion only. No action is required at this time.

8. Peer Review Lessons

The City Auditor will follow-up with the Audit Committee on a recently completed peer review and the lessons learned from this experience. This item is for discussion only.

9. Calendar

The Audit Committee will decide if there are any specific items they would like included on the next agenda.

The Next scheduled Audit Committee meeting is Wednesday, **December 6, 2023 @ 12:00pm – 1:30pm.**

10. Adjournment

Posted: October 12, 2023



Audit Committee Meeting Agenda Monday, October 23, 2023

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SPECIAL MEETING

1:30 PM

Virtual Access to the meeting room will be available 15 minutes prior to the meeting.

CALL TO ORDER

1. Roll Call

2. Ratification of past action that have been taken in violation of the Open Meeting Law

Pursuant to A.R.S. § 38-431.05, discussion and possible action to ratify the actions of the meeting that was not properly noticed under the Open Meeting Law. These actions occurred on September 28, 2023 at the Avondale City Hall, Sonoran Conference Room, located at 11465 West Civic Center Drive, Avondale, Arizona 85323.

A detailed written description of the action to be ratified, and all deliberations, consultations, and decisions by members of the public body that preceded and relate to this action to be ratified are available within the meeting agenda packet that is posted online at www.avondaleaz.gov/boards.

3. Adjournment

Members will attend by telephone conference call. Individuals with special accessibility needs, including sight or hearing impaired, large print, or interpreter, should contact the City Clerk at 623-333-1200 or TDD 623-333-0010 at least two business days prior to the meeting.

Los miembros asistirán via teleconferencia. Personas con necesidades especiales de accesibilidad, incluyendo personas con impedimentos de vista u oído, o con necesidad de impresión grande o intérprete, deben comunicarse con la Secretaría de la Ciudad at 623-333-1200 o TDD 623-333-0010 cuando menos dos días hábiles antes de la junta del Concejo.

A DETAILED WRITTEN DESCRIPTION OF THE ACTION TO BE RATIFIED, AND ALL DELIBERATIONS, CONSULTATIONS, AND DECISIONS BY MEMBERS OF THE PUBLIC BODY THAT PRECEDED AND RELATE TO THIS ACTION TO BE RATIFIED:

MINUTES OF THE AVONDALE AUDIT COMMITTEE
CITY OF AVONDALE, ARIZONA
SONORAN CONFERENCE ROOM
September 28, 2023

A **Regular Meeting** of the Audit Committee of the City of Avondale, Arizona was convened at 11465 West Civic Center Drive in open and public session at 2:00 p.m.

Voting Members Present: Chair White; Vice Chair McGee; Committee Members Nielson, Solorio, and Pacheco*.

*Committee Member Pacheco left the meeting at 3:15 p.m.

Non-Voting Members Present: Committee Members Corbin and Weatherless.

Members Absent: None.

Other Municipal Officials Present: Barbara Coppage, City Auditor; Brandon Cartwright, Attorney I; Marcella Carrillo, City Clerk; and Emily Soria, Administrative Clerk.

Audience: No members of the public were present.

- 1. ROLL CALL BY THE CITY CLERK**
- 2. INTRODUCTIONS**
- 3. APPROVAL OF AUDIT COMMITTEE MINUTES**

Committee Member Pacheco moved to approve the May 25, 2023 minutes; Committee Member Solorio seconded the motion.

Upon vote, the motion was carried unanimously 5 to 0.

Chair White	Aye
Vice Chair McGee	Aye
Committee Member Nielson	Aye
Committee Member Solorio	Aye
Committee Member Pacheco	Aye
Committee Member Corbin	Non-Voting Member
Committee Member Weatherless	Non-Voting Member

4. AUDIT STATUS REPORT AND REPORT DISCUSSION

The City Auditor presented an overview of completed projects. A status report was presented for all projects currently in progress. This item was for discussion only.

Barbara Coppage, City Auditor, provided an overview of completed projects and the status of all projects currently in progress.

Ms. Coppage stated she follows up on audit recommendations and conducts citywide risk assessments. Updates will be provided throughout the year, with a final report produced at the end of the year.

- ▶ The Munis contract came in higher than anticipated and will be moved to the end of this fiscal year and into the next fiscal year.
- ▶ The Aquatic Center Audit is complete, and the report is included in the committee packet.
 - Recommendations that have been implemented:
 1. Develop and implement criteria for prioritizing capital improvement projects (CIP) with guidance from City Council
 2. Continue to develop contract monitoring processes to be included in the CIP Guide.
 3. Implement a standard operating procedure for reviewing capital project payments.
- ▶ The Telestaff audit is under way and will be combined with the payroll calculation report, since they are intermixed.
- ▶ Parks and Recreation Department have been working with the finance department and implemented 14 audit recommendations
- ▶ Public Safety has implemented all but one audit recommendation, which is a standard operating procedure that has been drafted.
- ▶ The Development Services and Engineering Department have recommendations that have been outstanding for over 12 months.
- ▶ Human Resources does not have any outstanding recommendations; however, a follow-up audit will be conducted relating to callback and on-call policies.

Chair White inquired how many departments use on-call and callback options. Ron Corbin, City Manager, noted approximately six departments, such as public works, police department, fire department, engineering, facilities, and utilities use the on-call and callback options

Vice Chair McGee asked if progress is being made to complete outstanding recommendations. Ms. Coppage stated the progress is good and explained the complex situation with Developmental Services and Engineering, including the difficulties with the Accela software. Ron Corbin, City Manager, noted there have been significant changes in IT, but this issue has been moved upon on the priority list. It appears the workflow and interface issues with Accela will not be resolved within the current fiscal year.

In response to a question from Committee Member Pacheco, Mr. Corbin clarified the Aquatic Center utilized several funds including the General Fund and bonds, which will be paid back over the next few years with interest. It was noted that the Aquatic Center is currently \$1.5 billion under budget, as the audit report depicts.

5. RISK PRESENTATION

Mr. McGee, Audit Committee Vice Chair, provided a presentation on risk, how risk influences the internal audit function, and why internal audit performs risk assessments. Organizations are at different levels of maturity when it comes to risk and risk management. The following will provide the groundwork for what risk and risk management is.

- ▶ Risk is defined as uncertainty that can impact achieving your objective(s). Risks are in the eye of the beholder and require agreement.
- ▶ Objective(s) are desired outcomes or results, which can be established by answering, “why do we do what we do?”
- ▶ Internal audit identifies and clearly documents objectives established by departments and the risk associated with meeting objectives. The City uses risk assessment to manage risk.
- ▶ Criteria evaluated as part of the internal audit:
 - Condition is the situation you are in
 - Opportunity is what the audit looks at to help an organization achieve their objectives efficiently
 - Assessing is identifying the uncertainty and rating risk-based probability, which depends on the internal controls, prevention efforts, and planning; the impact on the organizational objectives, and how can they be improved.
- ▶ Risks are in the eye of the beholder.

6. AUDIT FOUNDATION/SUSTAINABILITY FOCUS

The City Auditor presented a proposal to change priorities to focus on foundational documents and internal processes to create long-term sustainability for the Office of the City Auditor.

Ms. Coppage discussed the following:

- ▶ Creating a standard for an auditor evaluation. A book addressing a standardized evaluation process was provided to the committee for review
- ▶ Establishing a City Auditor website like other city departments, which has already been developed.
- ▶ Implementing audit software. This process is in the works but has the longest timeline for implementation.
- ▶ Audit report format that is reader-friendly and transparent
- ▶ Updating the audit manual after implementing the audit software
- ▶ Reporting outstanding recommendations
- ▶ Integrity of line reporting

This is an action item, as the focus will be adjusted to implement the above items, which is a variation of the previously approved audit plan. Focusing on the above items will take away valuable effort and time to perform audits.

In response to Committee Member concerns, Ms. Coppage stated implementation of the audit software and data gathering will take the longest. The plan is to delay the implementation until the end of the calendar year with a second phase after the beginning of the next fiscal year, to avoid the heavy impact on the audit plan. Mr. Corbin stated Ms. Coppage is a one-woman show and would need to set up the software and input data because she will need to know it inside and out. However, light duty employees could assist with data entry when needed. The software was budgeted for through a CIP. The cost was higher than anticipated, which has

caused a delay in implementation because items had to be rearranged. The City Manager's office is working with Ms. Coppage to ensure she is provided with everything needed to implement the software appropriately.

Attorney Cartwright explained the vote would be to approve Ms. Coppage moving forward with the internal process, which would result in not completing the audit plan.

Chair White moved to have the City auditor's focus adjusted to build the audit foundation to create long-term sustainability for the City Auditor's Office; Committee Member Solorio seconded the motion.

Upon vote, the motion was carried unanimously 5 to 0.

Chair White	Aye
Vice Chair McGee	Aye
Committee Member Nielson	Aye
Committee Member Solorio	Aye
Committee Member Pacheco	Aye

Mr. Corbin advised outside vendors are available and working with Ms. Coppage on completing audits. Ms. Coppage stated the initial plan would be to push out the document retention, Munis, and vendor master file audits and continue to focus on the Telestaff, payroll calculations, and the pension.

7. CITY AUDITOR WEBSITE

The City Auditor presented a draft of the public facing Office of the City Auditor website.

Ms. Coppage provided an overview of the proposed City Auditor website, how it can be used, and the benefits to the City and citizens. The audit reports will begin with the Aquatic Center's report and move forward from there.

8. PEER REVIEW LESSONS

The City Auditor followed up with the Audit Committee on a recently completed peer review and the lessons learned from this experience.

Ms. Coppage discussed the experience and streamlining tips learned at the Institute of Internal Auditors Peer Review attended in Corpus Christi, Texas.

9. CALENDAR

The next scheduled Audit Committee meeting is Wednesday, **December 6, 2023 @ 12:00pm – 1:30pm**

The next scheduled Audit Committee meeting is Wednesday, December 6, 2023 at 12:00 p.m. – 1:30 p.m.

Ms. Coppage stated upon recommendation by the City Clerk, a standardized meeting schedule for 2024 will be developed and presented at the next meeting for approval.

Chair White stated she will work with Budget and Finance and the City Manager's office to develop a meeting cadence as part of the foundational sustainability work.

All committee members are asked to confirm with Ms. Coppage that the December 6, 2023, date and time work for them. Notification will be provided to committee members regarding the required call meeting to rectify the posted start time of today's meeting, as a quorum must be present to vote.

10. ADJOURNMENT

There being no further business before the Committee, Committee Member Nielson moved to adjourn the Regular Meeting; Committee Member Solorio seconded the motion.

Upon vote, the motion was carried unanimously 4 to 0.

Chair White	Aye
Vice Chair McGee	Aye
Committee Member Nielson	Aye
Committee Member Solorio	Aye
Committee Member Pacheco	Absent for Vote
Committee Member Corbin	Non-Voting Member
Committee Member Weatherless	Non-Voting Member

Meeting adjourned at 3:20 p.m.