



Audit Committee Meeting Agenda

Wednesday, December 6, 2023

CITY HALL - SONORAN ROOM | 11465 W. CIVIC CENTER DR. | AVONDALE, 85323

REGULAR MEETING

12:00 PM

Physical Access to the conference room will be available 10 minutes prior to the meeting.

CALL TO ORDER

1. Roll Call

2. Introductions

3. Approval of Audit Committee Vice Chair

The Audit Committee will consider a request to nominate and appoint a Vice Chair. The Audit Committee will take appropriate action.

4. Approval of Audit Committee Minutes

The Audit Committee will consider approval of the September 28, 2023, and the October 23, 2023 minutes. The Audit Committee will take appropriate action.

5. External Auditor Discussion

The external auditors from HeinfeldMeech will present the status on the Annual Consolidated Financial Report, the Single Audit Report and other related audits in progress. Milestones and the importance of each audit will also be discussed. This item is for discussion only. No action is required at this time.

6. Integrity Line Transfer

The City Attorney will present the recent City Council action that moved the Integrity Line to the City Auditor. No action is required at this time.

7. 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.

8. Audit Foundation/Sustainability Focus

The City Auditor will discuss a plan that incorporates the approved change of priorities to focus on foundational documents and internal processes. This plan includes a program charter, a strengths, weaknesses, opportunities, and threats (SWOT) analysis, and a timeline with milestones. The Audit Committee will take appropriate action.

9. Calendar

A proposed 2024 Audit Committee calendar will be presented. The Audit Committee will take action.

- Thursday, January 25, 2024 - 2:00 p.m. to 3:30 p.m.
- Thursday, April 25, 2024 - 2:00 p.m. to 3:30 p.m.
- Thursday, July 25, 2024 - 2:00 p.m. to 3:30 p.m.
- Thursday, October 24, 2024 - 2:00 p.m. to 3:30 p.m.

Subsequent Audit Committee meetings will take place in accordance with the approved 2024 calendar.

10. 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 vía 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 Secretaria de la Ciudad at 623-333-1200 o TDD 623-333-0010 cuando menos dos días hábiles antes de la junta del Concejo.

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

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. All recommendations made have been implemented.
- ▶ The Telestaff audit and the ADP payroll calculation projects are in progress.
- ▶ Parks and Recreation Department implemented 14 audit recommendations.
- ▶ Public Safety implemented all but one audit recommendation, which is a standard operating procedure.
- ▶ The Development Services and Engineering departments 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.
- ▶ Internal audit identifies objectives established by departments and the risk associated with meeting objectives. The City uses risk assessments 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.

Barbara Copping, City Auditor, discussed the following:

- ▶ Creating a standard for the City Council to evaluate the City Auditor. A book addressing a standardized evaluation process was provided to the committee for review
- ▶ Establishing a City Auditor website, which has already been developed (see Agenda item 7)
- ▶ Implementing audit software. Software has been identified and the procurement is almost complete.
- ▶ Audit report format that is reader-friendly and transparent.
- ▶ Updating the audit manual after implementing the audit software.
- ▶ Reporting outstanding recommendations.
- ▶ Integrity Line management and 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. Copping 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. Copping 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 as a capital project. The cost was higher than anticipated, which has caused a delay in implementation. 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 audits.

7. CITY AUDITOR WEBSITE

The City Auditor presented a draft of the public facing Office of the City Auditor website. The first audit report to be posted to the website will be the Aquatic Center report.

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 such as streamlining tips for a small audit shop.

9. CALENDAR

The Audit Committee did not add specific items for the next agenda.

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 5 to 0.

Chair White	Aye
Vice Chair McGee	Aye
Committee Member Nielson	Aye
Committee Member Solorio	Aye
Committee Member Pacheco	Not present

Meeting adjourned at 3:20 p.m.

MINUTES OF THE AVONDALE AUDIT COMMITTEE
CITY OF AVONDALE, ARIZONA
SONORAN CONFERENCE ROOM
October 23, 2023

A **Special Meeting** of the Audit Committee of the City of Avondale, Arizona was convened using the Zoom Cloud Meeting platform in open and public session at 1:38 p.m. All participants attended by phone or video.

Voting Members Present: Chair White; Vice Chair McGee; Committee Member Nielson; Committee Member Solorio.

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

Members Absent: Committee Member Pacheco.

Other Municipal Officials Present: Nicholle Harris, City Attorney; 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. 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

Committee Member Solorio moved to ratify the actions of the meeting that was not properly noticed under the Open Meeting Law; Committee Member Nielson seconded the motion.

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

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

3. ADJOURNMENT

There being no further business before the Committee, Vice Chair McGee moved to adjourn the Special Meeting; Committee Member Solorio seconded the motion.

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

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

Meeting adjourned at 1:42 p.m.