



Audit Committee Meeting Agenda

Wednesday, September 25, 2024

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

REGULAR MEETING

2:00 PM

Physical Access to the conference room will be available 30 minutes prior to the meeting.

CALL TO ORDER

1. Roll Call

2. Introductions

3. Approval of Audit Committee Minutes

The Audit Committee will consider a request to approve the June 25, 2024 Audit Committee meeting minutes. The Committee will take appropriate action.

4. Audit Status Report and Report Discussion

The City Auditor will present a status update of ongoing projects followed by a discussion of completed audits. This item is for discussion only.

5. External Auditor Update

The City's external auditors for the Annual Consolidated Financial Report will provide an update. This item is for discussion only.

6. Peer Review

The City Auditor will discuss a brief overview of a peer review, what it entails, and the impact to Avondale. The Committee will take appropriate action.

7. Audit Software Enhancements

The City Auditor will provide an update on the recently implemented software. This item is for discussion only.

8. Calendar

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

The proposed 2024 Audit Committee calendar will be presented.

- Thursday, November 21, 2024, at 2:00pm to 3:30pm
- Thursday, February 13, 2025, at 2:00pm to 3:30pm
- Thursday, May 8, 2025, at 2:00pm to 3:30pm

Subsequent Audit Committee meetings will take place in accordance with the approved 2025 fiscal year calendar. The Audit Committee will take appropriate action.

9. 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 al 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
ZOOM CLOUD MEETING PLATFORM
June 25, 2024

A **Regular 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 9:00 a.m. All participants attended by phone or video.

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

Committee Member Solorio arrived at the meeting at 9:05 a.m.

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

Members Absent: None.

Other Municipal Officials Present: Barbara Coppage, City Auditor; Nicholle Harris, City Attorney; Jeff Scheetz, Chief Information Officer; Marcella Sarmiento, City Clerk; and Emily Soria, City Clerk Specialist.

Other Officials Present: Brittany Williams, Engagement Partner

Audience: No members of the public were present.

1. ROLL CALL BY THE CITY CLERK

2. INTRODUCTIONS

Chair White welcomed Ms. Sarmiento and Mr. Scheetz to the meeting.

3. APPROVAL OF THE AUDIT COMMITTEE MINUTES

Committee Member Pacheco moved to approve the April 25, 2024, meeting minutes; Committee Member Nielson seconded the motion.

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

Chair White	Aye
Vice Chair Cook	Aye
Committee Member Nielson	Aye
Committee Member Solorio	N/A (had not arrived)
Committee Member Pacheco	Aye
Committee Member Corbin	Non-Voting Member
Committee Member Weatherless	Non-Voting Member

4. CITY AUDITOR END OF YEAR REPORT

Barbara Coppage, City Auditor, provided a summary of accomplishments completed during the year. There are three main areas Ms. Coppage was tasked with:

- Leadership and Community -- Avondale City Auditor visibility
- Foundational -- A solid foundation established for the new department
- Audit Coverage -- Departments categorized by risk and needed frequency of auditing

An overview of the steps taken to achieve each task was provided, such as attending community, city, and state events; procuring and implementing new software; development of a three-year City Auditor Strategic Plan; and creating a City Auditor audit template to ensure clear communication of findings and expectations. A list of Audit Projects completed in 2023 and 2024 following Government Audit Standards was reviewed. Ms. Coppage explained how, for auditing purposes, departments were divided into four groups: Oversight Departments, High Risk Departments, Moderate Risk Departments, and Moderate to Low-Risk Departments. It should be noted that, if a department has not been audited, Ms. Coppage still has contact or some involvement with them throughout the year.

Ms. Coppage advised that because the next meeting is not scheduled until November, a memo will be sent out to Committee members within the month regarding follow-up on prior year audit recommendations.

Chair White and Committee Members Nielson and Solorio commented on the user-friendly presentation and shared their appreciation for the work Ms. Coppage has done for the city.

5. AVONDALE INFORMATION TECHNOLOGY

Jeff Scheetz, Chief Information Officer, presented information related to the role of the Information Technology (IT) Department and what activities the department does to mitigate risk. The IT Department is comprised of seven divisions that have specialized roles and responsibilities that can address diverse technology needs of the city and those divisions are:

- Administration and PMO
- Business Applications
- GIS
- System
- Security
- Help Desk
- Network.

The IT Department manages sixty locations with three thousand assets on the network at a given time, almost six Petabytes of storage, and supports two hundred and fifty software applications. The department has engaged in several partnerships for cybersecurity for added protection.

Mr. Scheetz reviewed common vulnerabilities that can be generated unintentionally by employees or staff members trying to be helpful but ending up being tricked by a bad actor who gains access to their credentials and access to the system. Strategies put in place to mitigate these attacks are continued education through regular training. Another common vulnerability is generated by an outside system or bad actor trying to do harm to someone other than the City, such as a vendor. These are called Denial of Service Attacks (DOS). In response to a question from Chair White, Mr. Scheetz noted that City employees are getting better and better at noting cues that an email might be a security risk.

On the user side of things, the City has implemented best practices in areas of user authentication and using two-factor authentication to make sure you are who you say you are and a single sign on so you can access all applications once you have signed onto the network. Span of control is a big area, especially in the financial applications because it is important to only give an employee access to what they need to do their job.

Along with working closely with the Audit Department as needed on internal audits, the IT Department conducts their own assessments yearly such as a penetration test to determine if their firewall is working, an Office 365 Assessment, Share Point, and an FBI Audit with the Police Department every three years to make sure their systems are protected

In response to questions from Vice Chair Cook and Chair White, Mr. Scheetz explained the detailed training provided to staff as cyberattacks are constantly changing. He discussed the various systems being used for asset management and the attempt to consolidate them into as few systems as possible.

Ms. Williams noted this was a great presentation and that it appears there is a robust cyber security plan and testing plan in place. One of the areas they often look at is user roles in the financial and payroll software, which was covered intently. The controls are good because it is difficult to gain remote access to the software.

Councilmember Nielson and Chair White praised the presentation. Councilmember Nielson commended the actions being taken by the IT Department and suggested a possible presentation on AI in the future.

6. AUDIT STATUS REPORT AND REPORT DISCUSSION

Brittney Williams, Engagement Partner, noted she did not have a report this evening because they are still in the preliminary field work stage for the FY 24 audits. An overview of the audits being conducted for FY 24 was provided.

Chair White asked Ms. Williams to share the results of the Neighborhood and Family Services Audit of the CDBG and COVID grants with Ms. Coppage.

Ms. Williams also noted that, as external auditors, her team looks at very large expenditure programs. As a result, smaller Federal grants, even those received yearly, would be an area for internal audit. Ms. Williams and Ms. Coppage will review this together.

Ms. Coppage discussed current and upcoming audit projects, noting the follow-up to prior year audit recommendations is a year long project and something the new software will assist her most with. The vendor master file and Payroll Timekeeping follow up are additional audits she will be working on. The Fleet Management and Utility Billing audits will be conducted by an outside consultant. She also will be working on foundational projects, including creating software manuals, continuing configuration of the audit software, manual revisions to the audit as needed, and raising Audit and Integrity Line awareness.

Committee Member Solorio noted the residents appreciate and obtain a lot of information from the Citizen Leadership Academy Ms. Coppage leads.

Chair White clarified the name of the software is TeamMates. She also noted that the City Council has tasked Ms. Coppage to have a user guide for TeamMates by December 2024, and for her to be more embedded with each department as it relates to how audits work and to put together a guide.

7. CALENDAR

The Audit Committee discussed their upcoming scheduled meeting set for November 21, 2024.

Chair White suggested holding a meeting in September to follow up on topics discussed today including TeamMates software implementation or to offer support to Ms. Coppage. To alleviate some of Ms. Coppage's workload, Ms. Sarmiento and the City Clerk's office were asked to coordinate the committee members' calendars to get the meeting scheduled.

8. ADJOURNMENT

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

Upon vote, the motion was carried unanimously 7 to 0.

Chair White	Aye
Vice Chair Cook	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

The meeting was adjourned at 10:05 a.m.