MEETING MINUTES

CITY OF AVONDALE, ARIZONA

Audit Committee

September 25, 2024

Meeting Date

December 12, 2024

Date Minutes Were Approved

Max White
Max White (Dec 17, 2024 12:15 MST)

Chair

CERTIFICATION AND ATTESTATION

I hereby certify that the accompanying document is a true and correct copy of the minutes of the aforementioned meeting. I further certify that the meeting was duly called and held, and that the quorum was present.

Emily Soria
Emily Soria (Dec 16, 2024 07:27 MST)

Staff Liaison

MINUTES OF THE AVONDALE AUDIT COMMITTEE
CITY OF AVONDALE, ARIZONA
SONORAN CONFERENCE ROOM
September 25, 2024

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 Cook*; Committee Member Nielson; Committee Member Solorio.

**Vice Chair Cook joined online at 2:44 p.m.*

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

Members Absent: Committee Member Pacheco.

Other Municipal Officials Present: Brandon Cartwright, Attorney I; Marcella Sarmiento, City Clerk; and Emily Soria, City Clerk Specialist.

Audience: No members of the public were present.

1. ROLL CALL BY THE CITY CLERK

2. INTRODUCTIONS
Brandon Cartwright, City Attorney, filling in this week for Nicholle Harris.

3. APPROVAL OF THE AUDIT COMMITTEE MINUTES
Committee Member Solorio moved to approve the June 25, 2024, meeting minutes; 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 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 a status update of ongoing projects followed by a discussion of completed audits. This item was for discussion only.

Barbara Coppage, City Auditor presented the audit status update. Brittany Williams from Heinfeld Meech and Caitlin Gutierrez, Internal Audit Senior Manager, REDW were also present.

There are three audit reports that are issued which will be discussed today. A draft has been issued for the Fleet Management audit and will be discussed at the next Audit Committee meeting. The utility Billing audit is in fieldwork status, the Vendor Master File was put on a temporary hold due to workload, and the Active Directory contract will start late January, early February.

In response to Committee Member questions, Ms. Coppage noted the Active Directory audit relates to cyber security and access management.

Ms. Coppage noted the three audit foundational activities, teammate manual creation, audit manual revisions, and the employee and citizen presentations are all ongoing. The first report discussed is the Status of Prior Audit Recommendations which provides information on outstanding and implemented recommendations. There were approximately 98 recommendations in the database from the prior year and all but seven were implemented. This report will be provided at the end of the year and will incorporate the risk level.

Chair White commended Ms. Coppage on her ability to connect with the team and city staff and achieving 10% implementation of recommendations.

Mr. Corbin explained the gift policy is for donations to the city and outlines how it becomes an asset and making sure the city does not end up with an added cost or burden by accepting a donation and/or gift. This gift policy does not change the policy related to individual employees accepting gifts, being anything below $100 can be kept and anything above $100 goes to the city. A brief discussion ensued.

The second report is the payroll timekeeping follow-up report which is to ensure the recommendations from the November 2021 audit were implemented. There were 33 recommendations that were implemented and three yet to be implemented. Part of the audit was also to determine if the controls put in the place for the implemented recommendations are working. The areas focused on where timecard approvals, duplicate payroll transactions, and the usage of different types of leave.

In response to Committee Member questions, Ms. Coppage clarified that even though timecards were not signed / approved, employees still got paid. Mr. Corbin noted they have no intentions of withholding anyone's pay for the lack of a signature. They have increased compliance audits and emails are now sent out to supervisors and directors regarding compliance and this will allow compliance to be monitored. The issue is not with the lack of inputting time worked, it is with getting the employee or supervisor to sign / approve the timecard, which is acknowledging it is correct and prevents duplications or overpayments. Mr. Coppage explained the increase in payroll cost from 2020 to 2025 does not include retirement costs and accounts for an additional 200 employees plus cost of living. Mr. Corbin noted retirement cost is generally 12% but 30% for the Police and Firefighters.

The third report is the Munis Controls Audit prepared with the assistance of REDW who the city contracted with. This audit contain sensitive information.

Chair White asked that a document such as this not be sent to committee members via email as their email is something the public can access and suggested the documents be left on their desk for review and they will leave them there when they depart the meeting.

Caitlin Gutierrez, Internal Audit Senior Manager, REDW explained they looked at the Munis application to see how the data is stored, verified, and how Avondale is making sure the data is protected from a cyber security standpoint and from people going in and changing the data that they shouldn't be able to change. Some areas reviewed were:

1. System Administration Access
2. System Access and System Workflows
3. Accounts Receivable Balance for Utility Billing
4. CIS Levels
5. Data Backup and Restoration
6. Data Retention
7. User setup procedures

In response to question from Committee Members, Ms. Coppage explained that departments establish the dates of implementation. The new system once fully set up will automatically track when things are due, overdue, and from what department and all department heads will be able to see this as well.

Mr. Corbin explained the recommendations are reviewed and they may be prioritized in a different order than what was recommended. The reason many of the target dates are in December is many of the recommendations are straight forward and not hard to meet the deadline because they have already begun implementation. Ms. Coppage explained hopefully the database will provide automatic risk status, but she is still working on that. There will be an increase in the recommendations based on the number of audits.

5. EXTERNAL AUDITOR UPDATE

The City's External Auditors for the Annual Consolidated Financial Report provided an update. This item was for discussion only.

Brittany Williams, External Auditor, Heinfeld Meech provided a brief update on what they are working on. Noting the preliminary fieldwork was completed over the summer and they are working on an internal control questionnaire, they will be performing test controls in disbursement, payroll, and looking at IT controls. The CDBG grant and State and Local Fiscal Recover Funds will be tested this year.

6. PEER REVIEW

The City Auditor discussed a brief overview of a peer review, what it entails, and the impact to Avondale.

Aaron Cook, Audit Committee Vice Chair and Phoenix City Auditor discussed the Peer Review Process. Noting it is an audit of the auditor performed by an external auditor who looks at the quality control system and if it's functioning correctly. To include in the audit reports that generally accepted government auditing standards are followed you must have a peer review conducted once every three years.

Peer Reviews are conducted by external firms like REDW and will cost between $20,000 to $30,000. However, you can use the National Association of State Legislative Auditors or the Association of Local Government Auditors (ALGA) for the cost of travel and one week's accommodations for two peers. The City Auditor would request the peer review, prepare documents such as the audit manual and quality control system review and provide them to the auditors a month in advance. This does require a commitment of staff time to maintain the audit manual as new standards get implemented. An exit interview is conducted by the peer review team with the city auditor. Mr. Cook reviewed the various positive and negative reasons for having a peer review.

A discussion ensued among committee members regarding when a peer review should be conducted. Ms. Coppage asked for more time to get everything in order where she is one person and preparing for the peer review would consume a large amount of her time. Mr. Corbin and Ms. Weatherless agreed with extending the peer review out.

Committee Member Solorio moved to direct staff to seek a peer review by ALGA in FY 2027; Committee Member Nielson seconded the motion.

Upon vote, the motion was carried unanimously 5 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

7. AUDIT SOFTWARE ENHANCEMENTS

The City Auditor provided an update on the recently implemented software. This item was for discussion only.

Barbara Coppage, City Auditor provided a brief overview of software enhancements for the audit recommendation module.

8. CALENDAR

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

Chair suggested moving the final meeting into December to see what can be accomplished before December.

- ~~Thursday, November 21, 2024, at 2:00 pm to 3:30pm~~

- Thursday, December 12, 2024; at 2:00 pm to 3:30 pm
- Thursday, February 13, 2025, at 2:00 pm to 3:30pm
- Thursday, May 8, 2025, at 2:00 pm to 3:30pm

Committee Member Solorio moved to approve moving the November 21, 2024 meeting to December 12, 2024; Committee Member Nielson seconded the motion.

Upon vote, the motion was carried unanimously 5 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

9. ADJOURNMENT

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

Upon vote, the motion was carried unanimously 5 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

Meeting adjourned at 3:34 p.m.