

Audit Committee

December 12, 2024

Meeting Date

February 13, 2025


Date Minutes Were Approved


Max White (Feb 19, 2025 10:49 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 (Feb 13, 2025 17:00 MST)

Staff Liaison



MINUTES OF THE AVONDALE AUDIT COMMITTEE
CITY OF AVONDALE, ARIZONA
SONORAN CONFERENCE ROOM
December 12, 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 2:03 p.m.

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

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; Brittney Williams with HeinfeldMeech; Jared Young with HeinfeldMeech; and Cait Gutierrez with REDW.

Audience: No members of the public were present.

1. ROLL CALL BY THE CITY CLERK

2. INTRODUCTIONS

Attendees provided a brief introduction.

3. APPROVAL OF THE AUDIT COMMITTEE MINUTES

Committee Member Nielson moved to approve the September 25, 2024, meeting minutes; Committee Member Solorio 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	Aye
Committee Member Corbin	Non-Voting Member
Committee Member Weatherless	Non-Voting Member

4. 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 an overview of the External Auditor's update. All reports will be updated to reflect the City's new branding. Many improvements were seen in the financial reporting related to cash, investments,

and accounts payable being reconciled. There are some different financial reports on the face of the financials, being the \$3.6 million Opioid Settlement receivable and the GASB 100 that was implemented this year. Single audits were conducted on the CDBG federal program and the CORONA Virus State and Local Fiscal Recovery Funds.

Deadlines for the ACFR, HURF, Bi-Annual Impact Fees Report, Single Audit Report, and Annual Expenditure Limitation Report were reviewed. Resources for Government Finance and Interpreting Governmental Financial Statements for Elected Officials were provided.

In response to Chair White's question, Mr. Young noted the City of Avondale has between \$5 to \$10 million in HURF Funds. Mr. Corbin clarified the formula also includes population and the City of Avondale does not receive all taxes paid on gas.

5. REPORT DISCUSSION AND PROJECT STATUS REPORT

The City Auditor discussed completed audits and presented a status update of ongoing projects. This item was for discussion only.

Cait Gutierrez with REDW presented the Fleet Management Audit and provided a high-level review noting the purpose was to align processes with sound internal controls and best practices.

- Capital Asset Reconciliations focused on communication between fleet and finance and ensuring listings are accurate. This was marked as high risk, variances were found between the two reports, a series of recommendations were made, and policy development.
- Disposition focused on disposal of City owned vehicles and equipment which is a documented retention situation. This was marked as high risk, a breakdown in communication with disposal processes was found, a series of recommendations were made to include development of standardized procedures and retention policy.
- Fleet Maintenance and City Management Handbook focused on developing a handbook to ensure efficient use and maintenance of vehicles. This was marked as a moderate risk with a series of recommendations made including developing an administrative policy and comprehensive fleet handbook.
- Software focused on the RTA software currently being used and its limited abilities for effective report generation. This was marked as moderate risk with recommendations to include determining what is important information and determining if RTA can provide it or exploring other software options.
- Parts and Supplies focused on inventory procedures and found undocumented procedures and inventory policies. This was marked as moderate risk with a recommended policy with various components.
- Facility Access focused on access to the building and other areas where parts are stored. Badges are used to access the building, but physical keys are used to access areas where parts are stored without an entrance log. This was marked as

moderate risk with recommendations for policy and procedure development and implementation of internal controls.

- Surplus Parts and Supplies Inventory focused on tracking inventory. This was marked as low risk with a recommendation of establishing a formal schedule of inventory assessments.
- Compliance with Preventative Maintenance Schedule found no issues but recommends creating an escalation schedule to mitigate future risks.

Overall, city staff were great to work with and concurred with all the above recommendations.

In response to Committee Member questions, Mr. Corbin explained how the RTA software is currently used to track gas but does not track maintenance or parts. There are many standard policies available that can be pulled into the development of Avondale's policies. Ms. Gutierrez discussed the benefit of using badges compared to physical keys. Mr. Corbin advised the City of Avondale is moving in that direction after updating policies and ensuring documentation is in place. A discussion ensued on the use of badges and the many things they can be used for. A discussion ensued regarding the surplus parts that belonged to other departments.

Barbara Coppage, City Auditor reviewed the Audit Report Status which excludes reports completed and previously discussed. The Utility Billing Audit will be discussed at the next Audit Committee meeting. The Vendor Management File Audit has been removed from hold status and reopened. The Active Director Audit has an open date, a meeting planned with IT and will be completed by an outside auditor. The Pension Calculation and Contributions audit will start in January and the Citywide Risk Assessment will start in March.

In response to questions, Ms. Coppage noted she will conduct the Vendor Master file Audit. The PSPRS will focus on the Police department and how they identify eligibility, bonuses, and payout at retirement. It is anticipated this report will be completed by the end of the fiscal year. Mr. Corbin explained he has asked Ms. Coppage to look at the Workers Compensation and PRPRS contribution rates and eligibility dates.

Ms. Coppage reviewed the Higher Risk Departments based on the approved Audit Plan. Other audit activities were reviewed including City Council goals provided during her evaluation last June. These included calendar sharing, TeamMate user guide, and embedding with departments. A review of concurrent audit projects and their status was provided.

6. AUDIT RECOMMENDATION STATUS UPDATE

The City Auditor discussed a brief overview of the status of audit recommendations. This item was for discussion only.

Barbara Coppage, City Auditor, reviewed the status of prior audit recommendations from July 2024 to the present. City departments have implemented 21

recommendations and there are 32 recommendations to be implemented. Many were recently added because of the Fleet Management Audit and some of have been open for 12+ months. The report provided is high level and does not include IT due to confidentiality issues.

In response to Committee Member Nielson's question, Ms. Coppage advised employees have been very responsive to recommendations and willing to make changes. Mr. Corbin noted the culture is about learning and working hard to be better and do better. Delays are due to the inability to finish them.

7. AUDIT SOFTWARE ENHACEMENTS

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

Barbara Coppage, City Auditor discussed enhancements she implemented into the TeamMate software. These include but are not limited to automated department responses to recommendations, tracking audit recommendations, tracking citywide risk assessments, and document requests. The audit report distribution is being worked on. Report surveys will be requested going forward. Automated emails will send out the Audit Committee agendas and include a link to attachments.

8. CALENDAR

The Audit Committee discussed any specific items they would like included on the next agenda.

Future Meetings:

- Thursday, February 13, 2025, at 2:00 p.m.
- Thursday, May 8, 2025, at 2:00 p.m.

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 4 to 0.

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

Meeting adjourned at 3:08 p.m.