

Audit Committee

December 4, 2025

Meeting Date

February 23, 2026

Date Minutes Were Approved


Max White (Feb 23, 2026 12:13:00 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 23, 2026 11:09:36 MST)

Staff Liaison



MINUTES OF THE AVONDALE AUDIT COMMITTEE
CITY OF AVONDALE, ARIZONA
SONORAN CONFERENCE ROOM
December 04, 2025

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 2:30 p.m.

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

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

Members Absent: None.

Other Municipal Officials Present: Danee Garone, Attorney II; Marcella Sarmiento, City Clerk; Renee Weatherless, Finance & Budget Director; Barbara Coppage, City Auditor, and Emily Soria, City Clerk Specialist.

Audience: No members of the public were present.

1. ROLL CALL

2. INTRODUCTION / ICE BREAKER

Barbara Coppage, City Auditor guided committee members through an ice breaker exercise.

3. APPROVAL OF THE AUDIT COMMITTEE MINUTES

Committee Member Solorio moved to approve September 04, 2025 minutes; Committee Member Pacheco seconded the motion.

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

Chair White	Aye
Committee Member Nielson	Aye
Committee Member Solorio	Aye
Committee Member Cook	Aye
Committee Member Pacheco	Aye
Committee Member Corbin	Non-Voting Member
Committee Member Fallstrom	Non-Voting Member

4. EXTERNAL AUDITOR UPDATE

Jared Young, Heinfeld Meech, the City's external auditors, provided an update on the Annual Consolidated Financial Report. To date there have been no prior year audit findings that require follow up and no reportable findings were encountered during the 2025 audit. A big change was the implementation of the GASB 101 related to compensated absences. The \$4.2 million restatement for unused sick leave reported

in accordance with the City's Compensation and HR policies will reflect as a decrease to the opening balance of the City's 2025 financial reports.

The compliance supplement for the single audit was received last week. It is anticipated that the report will be finalized within the next two weeks. The Federal Transit Cluster was tested with a \$1 million grant to the City of Phoenix for the micro transit program. The City's Corona virus State and Fiscal Recovery Funds from fire fighters and was expended, no weaknesses or findings related to compliance or internal controls over compliance were encountered.

The audit is about 90 percent complete with draft statements previously provided for the City's ACFR. Last week, Ms. Williams reviewed the statements for compliance with the city's framework. A completed draft is expected to be provided early next week to the Finance and Budget office. The CFD report is being reviewed, and it is anticipated they will be released with the ACFR. The Single Audit Report should be reviewed in the next two weeks and issued in December or January. The Annual Expenditure Limitation Report will be completed in January or early February 2026.

In response to Chair White's question, Mr. Fallstrom explained the changes to GASB's guidance regarding how sick leave is accounted for, which the City is already doing. The City has sufficient resources to pay all accrued balances if necessary.

5. AUDIT STATUS REPORT

Barbara Coppage, City Auditor, presented an overview of ongoing projects from the FY2026 approved Audit Plan. This presentation began with a review of the status of seven audit projects, one has been finalized, and one will start in January 2026. The IT General Controls Audit and Facilities Maintenance Audit are contingent and intentionally done at the end of the fiscal year (FY).

The presentation moved to the Unscheduled Point of Sale Verification Audit. The audit does not only look at cash but ensures accuracy, follows the custody of city funds, internal controls and identifies areas for improvement to deter theft. This included in-person payments (cash, check, credit card) and online credit card payments that must be reconciled to the system, bank account, and Munis.

In response to Chair White's question, Ms. Coppage explained the amount shown for online card transactions is a cumulation from different sources that accept online payments.

At the Utility Billing Customer Service counter, a visual inspection was conducted covering cash counts, the work environment, and internal controls. This area manages significant sums of money and demonstrated several strong practices. The safe combination was observed and updated as required. Staff showed strong awareness of procedures, though the high volume of activity occasionally leads to minor oversights. Overall, the tone and support from the Finance Department were positive.

A review was conducted to assess the physical security of cash, including the location of the cash room, access controls, and safe placement. The environment was evaluated with a focus on restricting access through badge authorization in designated areas.

Segregation of duties was identified as a key internal control. While dual counting of drawers with a supervisor is a positive practice, concerns were raised about counts being performed at the cashier's desk and cashiers being informed in advance of expected balances. The recommendation was to discontinue the practice of notifying cashiers of the expected drawer totals, thereby strengthening the integrity of the count process.

The procedure for utility payment drop boxes requires two revenue staff members to jointly retrieve and log checks. This control was not consistently followed. Once back in the office, staff separated, and only one individual logged the payments. Additionally, Finance policy requires that checks be deposited within three days; however, deposits were delayed, with an average of 31 days for certain checks that required clarification. Five checks were identified as unresolved. The recommendation was to always enforce dual custody and ensure compliance with the three-day deposit requirement.

In response to Chair White's inquiry, Mr. Fallstrom explained the circumstances contributing to delays in depositing checks and outlined potential options to improve timely processing. The Committee emphasized the goal of processing deposits as quickly as possible. Mr. Corbin suggested that providing clearer return addresses on invoices may help ensure payments are directed to the correct location.

All recommendations were agreed upon and are currently being implemented. Chair White requested that these recommendations be in place prior to the Committee's next meeting in February, citing the high-risk nature of the issue. Mr. Corbin responded that the Finance Department will review the recommendations and implement what is feasible, noting that coordination with other departments is required. Mr. Fallstrom confirmed that many of the recommendations have already been implemented or are in progress.

The Parks and Recreation Department oversees the libraries, which handles both cash and cash equivalents. Observations included cash counting, reconciliation, and the tracking of non-cash equivalents. The Finance Department is collaborating with Parks and Recreation to strengthen basic internal controls in these areas. Items such as tickets, coupons, and donated goods are considered cash equivalents and require the same level of oversight and reconciliation as cash transactions.

A surprise cash count was performed at the library on cash drawers and coin towers. The balances of the four change funds did not reconcile with the Munis account records, and the coin towers were inaccessible at the time of inspection. It was recommended that authorizations for cash counts be tracked more closely to

determine whether discrepancies are due to inaccuracies within Munis or operational issues.

The Aquatic Center utilizes a change fund for providing customer change and cash drawers for ticket payments. It was observed that when a drawer was off balance, funds were taken from or added to the change fund to reconcile the drawer. Overages and shortages were not reported, and the change fund itself was not reconciled. Following a meeting with the supervisor, the Finance Department is now working with the Aquatic Center to implement proper controls.

The Aquatic Center currently provides only attendance figures, the number of coupons accepted, and the number of tokens accepted, followed by a drawer count to determine total receipts. Ms. Coppage noted that she intends to repeat this audit.

Badge access continues to be a recurring subject within audits. While an audit was completed a few years ago, a full reassessment is needed and has been tentatively scheduled for next year.

The Finance Department successfully reconciled the Development Services accounts, with no recommendations required. In reviewing refunds approved within Engineering and Development Services, one minor recommendation was made: to document policies and procedures for clarity and consistency.

Finance was asked to work with Munis to ensure a clear remittance address is added to invoices. This will help ensure payments are credited promptly and accurately to the proper accounts.

Reconciliation of Parks accounts, including refunds, was reviewed. No recommendations were necessary.

Concerns were noted in the Human Resources Department (HR) regarding one individual being responsible for all aspects of invoice processing and check receipts. It was recommended that HR's Risk Management coordinate with Finance so that invoices and checks are routed directly to Finance, thereby strengthening segregation of duties and reducing risk.

Neighborhood and Family Services donations received were reviewed. While the exact amounts cannot be independently verified, the controls in place appear to be as strong as possible under current circumstances. A recommendation was made to bolt down the department's safe, which was implemented immediately.

Compliance with minimum account standards was observed with the Courts. Suggestions for improvement were received by management.

The Police Department receives funds at the front counter and maintains a petty cash account. Discrepancies were noted in the amount of cash on hand compared to the

cash on hand documented in Munis. Finance verified that all funds were accounted for and made adjustments in Munis.

Overall, checks were found arriving through the mail addressed to various departments for different purposes. A good control practice would be for the City Clerk's Office to review incoming mail, remove checks, and forward them directly to Finance. This process would ensure timely awareness of incoming checks and strengthen cash-handling controls. The recommendation was the only one that management did not concur with.

Mr. Corbin explained that the City Clerk's Office does not have sufficient staff or budget capacity to meet the requirement of having two individuals present when opening mail. Given current resources, this is not a viable option. Management and the Committee discussed alternative ways to comply with the recommendation, including recommunicating the existing policy that all checks received should be forwarded directly to the Finance Department. This approach would maintain appropriate checks and balances while recognizing staffing limitations.

Ms. Coppage provided updates on several completed projects. She invited committee members and meeting attendees to participate in a customer survey to provide feedback on her performance. She also shared insights from a peer review conducted for the City of Fort Wayne, IN.

Ms. Coppage highlighted ongoing projects, including compliance with ADA web requirements. At present, an interim solution directs the public to obtain a copy of the audit plan from the City Clerk's Office until a fully compliant approach can be implemented. Chair White and City Manager Corbin discussed possible solutions, including the use of closed captioning, as part of efforts to meet accessibility standards.

Ms. Coppage provided a demonstration of how to access and use the Integrity Line via the city's website, reiterating that the tool is intended for internal use only.

A recap of the Fraud Awareness Week presentation was discussed, noting that 62 individuals attended. The program included a video presentation, team discussions, and an interactive Kahoot game. Staff were reminded not to worry about directing reports to the correct department, as management's priority is simply to receive the information; appropriate routing will be handled internally.

Chair White emphasized the importance of participation by the Police Department and Development Services in future training sessions. In response, Mr. Corbin advised that Ms. Coppage will attend Development Services' monthly meeting and the Police Department's weekly meeting to ensure engagement.

Mr. Corbin also highlighted ongoing collaboration between Development Services, Finance, and IT, underscoring the importance of cross-departmental coordination in strengthening internal controls and compliance practices.

6. INTEGRITY LINE UPDATE

Barbara Coppage, City Auditor provided an update on the Integrity Line. The last report was provided in 2023, and no issues were reported until October 2025 when three were received and November 2025 with four received. All issues were HR related, with four of them being related to the same incident. Investigations have been initiated into all issues and Mr. Corbin will notify Ms. Coppage when the matters are closed.

Mr. Corbin discussed the HR Integrity Line was debuted today via email to all employees.

7. CALENDAR

The next Audit Committee meeting is scheduled for Monday, February 23, 2026, at 10:00am.

8. ADJOURNMENT

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

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

Chair White	Aye
Committee Member Nielson	Aye
Committee Member Solorio	Aye
Committee Member Cook	Aye
Committee Member Pacheco	Aye
Committee Member Corbin	Non-Voting Member
Committee Member Fallstrom	Non-Voting Member

Meeting adjourned at 3:47 p.m.