



Minutes

City of Tempe Audit Committee

September 27, 2022

Minutes of the Tempe Audit Committee meeting held on Tuesday, September 27, 2022 at 1:00 p.m. at Tempe City Hall and via Microsoft Teams.

(MEMBERS) Present:

Andrew Ching, Chair	Greg Hill
Councilmember Berdetta Hodge	Keely Hitt
Tom Duensing	Ben Rieck

(MEMBERS) Absent:

Councilmember Doreen Garlid

City Staff Present:

Bill Greene, City Auditor – Staff Liaison
Keith Smith, Senior Internal Auditor
Angela Hill, Internal Auditor
Diana Storino, Senior Internal Auditor
Jim Fish, Interim IT Director
Lisette Camacho, Financial Services Director

Guests Present:

Brittney Williams, HeinfeldMeech
Paul Ashe, Securance Consulting, LLC

Chair Ching called the meeting to order at 1:02 p.m.

Agenda Item 1 – Public Appearances

Mr. Greene stated that no members of the public were in attendance and no written comments were received via email.

Agenda Item 2 – New Member Introductions

Chair Andrew Ching called on new committee members to provide a brief introduction.

Ben Rieck (Chief Financial Officer for Brooklyn Bedding) and Councilmember Hodge (a newly elected City of Tempe Councilmember) introduced themselves to the Audit Committee.

Chair Andrew Ching also called on City staff in attendance to provide a brief introduction. City Staff provided their names and current positions with the City.

Agenda Item 3 – Approval of Meeting Minutes

Chair Andrew Ching called on committee members to review the minutes from the June 16, 2022 committee meeting. There were no revisions proposed.

Motion to Approve Minutes: Greg Hill

Motion Seconded: Keely Hitt

Vote: Unanimous vote to Approve

Agenda Item 4 – IT Risk Assessment/ Audit Planning Results:

Bill Greene provided an overview of the purpose of IT Risk Assessment project included on the FY 21/22 Audit Plan previously approved by the Audit Committee. Bill Greene then introduced Paul Ashe, President, Securance Consulting, LLC (virtual attendee) to present an overview of the results of the IT Risk Assessment.

Paul Ashe provided a brief introduction of his audit and IT background including previous employment with Ernst & Young prior to founding Securance, a technology risk management firm, in 2002. Securance has provided IT Audit consulting to many local jurisdictions including Avondale and Glendale. Paul Ashe then discussed the results of the IT Risk Assessment including the risk ranking process and the proposed five-year IT Audit Plan.

Ben Rieck asked what database software is currently used in the City. Jim Fish responded the City currently uses SQL and Oracle.

Ben Rieck asked if audits would be broad or within applications. Paul Ashe responded that audits would be conducted based on applications. Paul Ashe also commented that most Information Technology departments can respond to (at most) three IT audits per year including owning the findings and performing remediation.

Keely Hitt asked if there was any concern that recommended audits with same risk score were spread between two fiscal years. Paul Ashe responded that there was not a concern based on the scheduling. The recommendation is to perform the audits in the suggested sequence but there is also flexibility to exchange projects if needed.

Jim Fish commented that it was great to see the results of the assessment. Mr. Fish also commented that the City's SCADA system is unique in that it is owned by the Municipal Utilities Department, but IT also supports some of the system.

Agenda Item 5 – External Auditor Update

Tom Duensing introduced Brittney Williams, Partner, HeinfeldMeech who presented information on auditing standards and provided an overview of findings from preliminary fieldwork, remaining testwork, GASB pronouncements, and upcoming report deadlines. Ms. Williams additionally identified audit partners from HeinfeldMeech.

Greg Hill asked if auditors are receiving cooperation needed from City personnel. Ms. Williams responded that they are getting everything needed and staff have been very cooperative.

Keely Hitt asked if the P-Card transaction exception without adequate support noted by Ms. Williams in her report was also one of the four exceptions noted that exceeded the approved transaction limit. Ms. Williams responded that she was uncertain and would need to research this specific item. Keely Hitt asked if this seemed like a high number of exceptions. Ms. Williams commented it was unusual to be outside of the limit on a third of transactions tested.

Agenda Item 6 – FY 21/22 IAO Recap

City Auditor Greene presented the status of audits included on the FY 21/22 Annual Audit Plan, unplanned projects, summary of report recommendations by category, and IAO staff activities.

Greg Hill asked how IAO updates management about the impact of replacing planned projects with unplanned projects. Mr. Greene responded IAO has discussions with management and provided an example of a previous exchange of a planned project for an unplanned project. Mr. Greene discussed the importance of focusing on the Audit Plan while still allowing flexibility for unplanned projects that may be of higher importance.

Keely Hitt commented that list of staff activities is impressive for a small team. Greg Hill agreed and indicated there were a lot of items listed. Mr. Greene mentioned that he was fortunate to work with such an engaged audit team.

Greg Hill asked for a brief discussion on the scope of Grant Management Part 1 Audit. Mr. Greene responded that the project focused on grants managed by the Police Department and Tempe Fire and Medical Rescue Department. Mr. Greene further explained that staff worked with Brittney Williams from HeinfeldMeech to ensure IAO staff were not duplicating work already conducted by the external auditors and to provide more audit coverage over the City's grant management controls.

Agenda Item 7– Future Agenda Items

Chair Andrew Ching called for future agenda items for the next meeting. None were suggested.

Agenda Item 8 - Adjournment

Committee member Hill made a motion for adjournment seconded by Committee member Hitt.
Chair Andrew Ching adjourned the meeting at 1:47 pm