



Minutes

City of Tempe Audit Committee

June 27, 2023

Minutes of the Tempe Audit Committee meeting held on Tuesday, June 27, 2023 at 2:00 p.m. via Microsoft Teams.

(MEMBERS) Present:

Rosa Inchausti, Chair

Tom Duensing

Councilmember Doreen Garlid

Councilmember Berdetta Hodge

Ben Rieck

Keely Hitt

Greg Hill

(MEMBERS) Absent:

none

City Staff Present:

Keith Burke, Deputy City Manager

Bill Greene, City Auditor – Staff Liaison

Angela Hill, Senior Auditor

Diana Storino, Senior Auditor

Lisette Camacho, Financial Services Director

Cepand Alizadeh, City Council Aide II+

Guests Present:

Brittney Williams, HeinfeldMeech

Paul Ashe, Securance Consulting, LLC

Chair Inchausti called the meeting to order at 2:01 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 – Audit Committee Members

Chair Rosa Inchausti stated Councilmember Garlid and Greg Hill were reappointed for a second term ending in June 2025. Ms. Inchausti also introduced herself as the new Audit Committee Chair.

Agenda Item 3 – Approval of Meeting Minutes

Chair Rosa Inchausti called on committee members to review the minutes from the February 23, 2023 committee meeting. There were no revisions proposed.

Motion to Approve Minutes: Councilmember Hodge

Motion Seconded: Ben Rieck

Vote: Unanimous vote to Approve

Agenda Item 4 – IT Audit Update

City Auditor Greene introduced Paul Ashe, President, Securance Consulting, LLC (virtual attendee) to present a status of the in-process IT audits. Paul Ashe provided an overview of the two IT audits indicating that Securance staff arrived onsite at City facilities on June 27, 2023 and plan to remain onsite for the remainder of the week. Mr. Ashe indicated the Database Security audit will include significant technical testing and the SCADA Enterprise Application audit will be focused on processes. Mr. Ashe indicated draft observations are planned for the end of July.

Agenda Item 5 – External Auditor Update

Tom Duensing introduced Brittney Williams, Partner, HeinfeldMeech and stated the contract for Heinfeld Meech was recently renewed after a procurement process. Ms. Williams presented information on the new engagement team and discussed audit standards relevant to the audits. Ms. Williams also highlighted GASB 96, preliminary SEFA discussions, the list of upcoming reports to be issued, and dates for planned onsite test work in August and October 2023.

Keely Hitt asked what fundamental requirements were included in GASB 96. Ms. Williams stated there are reporting changes for IT related leases and additional complexities because there are several departments and many technology agreements involved. Prior to this standard, costs related to these leases were not being recognized on the balance sheet as a liability.

Councilmember Garlid thanked Brittany Williams and HeinfeldMeech for past audit work performed. Ms. Williams stated she appreciated working with everyone in Tempe.

Tom Duensing stated the City hired a new Controller on June 5, 2023. He mentioned the new employee (Ann Fang) previously worked as an Audit Manager for Clifton Larson Allen (CLA) with a specialty in government audit. Ben Rieck stated CLA has done good work in the past for his company, and he looks forward to the work of the new Controller.

Agenda Item 6 – FY 2023/24 Audit Plan

City Auditor Greene presented an overview of the annual risk assessment process and the proposed FY2023/24 audit plan that was included in the agenda packet. Mr. Greene discussed specific projects on the plan including the National Incident Based Reporting System (NIBRS), Grant Management Part 2, Use of Overtime, and Golf Course Contract Audit.

Greg Hill asked if individual grants would still be reviewed in Grant Management Part 2 because of results in the Grant Management Part 1 audit. Mr. Greene replied that part of the audit planning process was an evaluation of external auditor grant coverage to ensure that IAO was not duplicating audit work. Mr. Greene explained that rather than perform another audit reviewing more individual grants, this project would focus more on potential improvements to centralized policies and processes that support department grant management efforts within the City.

Keely Hitt mentioned she appreciated the proactive approach of reviewing the third-party contract for the Ken McDonald Golf Course. Mr. Greene stated he had discussion with Community Services management about the project and mentioned the importance of communication with client departments.

Motion to Approve Minutes: Greg Hill

Motion Seconded: Councilmember Garlid

Vote: Unanimous vote to Approve

Agenda Item 7 – Annual Audit Follow-up

City Auditor Greene presented results of the annual audit follow-up on open audit recommendations.

Greg Hill asked if departments are acting in good faith to implement audit recommendations. Mr. Greene indicated that he believed departments are responsive to the process and making good faith efforts to implement action plans. Some departments have more complex recommendations that involve multiple workgroups outside of the purview of one assigned staff person. This can make it more difficult to act and increases the risk of audit recommendations “falling through the cracks” if staff leave or are rotated. Discussions are planned with department management about developing more structured approaches to audit tracking and implementation. Mr. Greene also mentioned that he has already had

conversations with Ms. Inchausti about this issue. Ms. Inchausti concurred and stated she was focused on making any necessary improvements.

Agenda Item 8– Future Agenda Items

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

Agenda Item 9 - Adjournment

Chair Rosa Inchausti adjourned the meeting at 2:44 pm