



# Minutes

## City of Tempe Audit Committee

### October 2, 2023

**Minutes of the Tempe Audit Committee meeting held on Monday, October 2, 2023 at 9:00 a.m. via Microsoft Teams.**

**(MEMBERS) Present:**

Rosa Inchausti, Chair

Tom Duensing

Councilmember Berdetta Hodge

Ben Rieck

Keely Hitt

Greg Hill

**(MEMBERS) Absent:**

Councilmember Doreen Garlid

**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

Ann Fang, City Controller

Cepand Alizadeh, City Council Aide II+

Madalaine McConville, City Council Aide II+

**Guests Present:**

Brittney Williams, HeinfeldMeech

Paul Ashe, Securance Consulting, LLC

Chair Inchausti called the meeting to order at 9:00 a.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 – Approval of Meeting Minutes**

Chair Rosa Inchausti called on committee members to review the minutes from the June 27, 2023 committee meeting. There were no revisions proposed.

Motion to Approve Minutes: Keely Hitt

Motion Seconded: Councilmember Berdetta Hodge

Vote: Unanimous vote to Approve

## **Agenda Item 3 – IT Audit Results**

City Auditor Greene introduced Mr. Paul Ashe, President, Securance Consulting, LLC (virtual attendee) to discuss the completed IT audits. Mr. Ashe provided an overview of the two IT audits (Database Security and Municipal Utilities SCADA audits). He reviewed the risk rankings of findings for each audit and discussed the related audit recommendations. Mr. Ashe stated City staff were cooperative throughout the projects and were developing implementation plans to address audit recommendations.

Mr. Rieck asked about the timing of management responses to the audit and requested the Audit Committee be updated on the implementation status of control recommendations. Mr. Ashe shared management responses with the committee and Mr. Greene stated that he would include a status update as a future agenda item.

Ms. Hitt asked if the City was using older databases and whether that was factor affecting the City's risk profile or IT audit findings. Mr. Ashe stated the current versions of the applications were still supported and did not negatively impact the City's risk.

Mr. Greene thanked Mr. Ashe for his work on the IT projects and stated City staff were very responsive throughout the two audits and open to ideas for improvement. Mr. Greene informed the committee that memos with only the project titles are posted online in lieu of a full report because of the sensitivity of the information. If a public records request is received for one of the reports, the City Auditor will review the report with the City Attorney to determine what information should be redacted. Audit Committee members can contact Mr. Greene if they desire to review the complete reports.

## **Agenda Item 4 – External Auditor Update**

Tom Duensing introduced Brittney Williams, Partner, HeinfeldMeech. Ms. Williams presented information on preliminary fieldwork completed and best practice recommendations. Ms. Williams also highlighted GASB 94 and 96 implementation, Single Audit test areas and upcoming reports to be issued in December. Fieldwork is expected to continue onsite on October 23, 2023.

Greg Hill asked if there were any additional scope areas required that will cause an increase in fees. Ms. Williams stated that the work performed was in scope and was within the audit contract.

Mr. Greene noted this was Ann Fang's first meeting. Mr. Duensing introduced Ann Fang as the new City Controller. Ms. Fang provided background information on her current work on the Single Audit.

Ms. Inchausti welcomed Ms. Fang and thanked Ms. Williams for her presentation and continued good work with the City of Tempe.

### **Agenda Item 5 – 2023 Boards & Commissions Report**

City Auditor Greene presented a draft of the required annual Boards and Commissions Report for the Audit Committee. He noted that the City Clerk created a template that dictates much of the content of the report. This includes items such as purpose of the committee, membership, number of meetings and attendance. However, there are two sections in the reports where the committee has the discretion to determine content. These include Committee Accomplishments for the past 12 months and Goals related to Council Strategic Priorities.

Mr. Greene shared suggestions for content to include in two categories for committee member feedback. Committee members agreed with suggested content. Mr. Hill asked for more time to review the draft report. Mr. Greene requested Mr. Hill to email any suggested changes and noted he would return any material changes to the entire committee for consideration.

Mr. Greene further discussed committee responsibilities regarding the review of the Internal Audit Office's (IAO) peer review. He noted that the peer review is conducted to verify IAO compliance with Government Audit Standards created by the U.S. Government Accountability Office. Mr. Greene stated that he believes that the IAO is about 95 percent in compliance with standards. However, there are barriers for small audit offices to comply because of limited resources. He noted he is currently evaluating the cost versus benefit of implementing remaining compliance requirements. He is also working with representatives from the Association of Local Government Auditors to determine if there is flexibility that could be provided to small audit shops during peer review evaluations. Lastly, Mr. Greene emphasized that the IAO is conducting its engagements in a professional and consistent manner in line with audit standards and practices. Committee members noted their understanding of challenges for small organizations to comply with government requirements.

Motion to Approve Board and Commission Report: Greg Hill

Motion Seconded: Councilmember Berdetta Hodge

Vote: Unanimous vote to Approve

## **Agenda Item 6 – FY 22/23 IAO Recap**

City Auditor Greene presented audit and consulting engagements completed in FY 22/23, a summary of IAO recommendations by category, and shared examples of IAO activities beyond those that result in written reports. Mr. Greene reminded the committee that all finalized reports are distributed to the City Manager’s Office and department management. For transparency, reports are also provided to the Mayor and Council and are posted to the IAO website.

Mr. Greene provided an IAO staffing update and reported that the IAO has had a senior auditor vacancy since February when the prior auditor retired. He further noted that one full-time auditor vacancy represents a 30 percent vacancy rate for the office. As a result of the staff vacancy and unplanned projects, IAO fell short of its goal to complete 80 percent of projects on the FY 22/23 Audit Plan. Mr. Greene stated that unplanned projects are a typical part of operating an internal audit office and it is important to be flexible to address unanticipated projects that arise even if they affect the timing of planned projects. He also noted that IAO has hired a new senior auditor who will be starting work at the end of October. Mr. Greene provided a status report on the four planned projects not completed and stated that two are in process and the other two were added to the current year’s plan.

Mr. Hill asked if there was a way to officially recognize the time required to perform all the required activities of IAO in addition to audit projects. Mr. Greene stated that Ms. Inchausti and Mr. Burke are aware of IAO activities and other work that is done for the organization and are supportive of the office.

Mr. Duensing thanked Mr. Greene for his work. Ms. Inchausti thanked Mr. Greene for his flexibility in incorporating unscheduled projects.

## **Agenda Item 7– Future Agenda Items**

Chair Inchausti called for future agenda items for the next meeting.

Mr. Rieck stated he would like an update on the implementation of IT Audit recommendations. Ms. Inchausti confirmed that will be added to the agenda.

## **Agenda Item 8 - Adjournment**

Chair Rosa Inchausti adjourned the meeting at 10:03 a.m.