



**MINUTES
AUDIT COMMITTEE
GLENDALE MUNICIPAL COMPLEX
COUNCIL CHAMBERS – ROOM B3
5850 W. GLENDALE,
ARIZONA 85301
December 7, 2021
3:00 P.M.**

Vice Mayor Ian Hugh, Member
Councilmember Jamie Aldama, Member
Councilmember Raymond Malnar, Member
Irene Avalos, Member
Rusty Simmons, Member
City Manager Kevin Phelps, Ex-officio Non-voting Member
Budget and Finance Director Lisette Camacho, Ex-officio Non-voting Member

1. CALL TO ORDER

Vice Mayor/Councilmember Hugh (Chairperson), called the meeting to order at 3:02 p.m.

2. ROLL CALL

Present: Vice Mayor and Councilmember Ian Hugh, Member
Councilmember Jamie Aldama, Member
Councilmember Raymond Malnar, Member
Irene Avalos, Member
Rusty Simmons, Member
City Manager Kevin Phelps, Ex-officio Non-voting Member
Budget & Finance Director, Lisette Camacho, Ex-officio Non-voting Member

Also present: Khala Stanfield, Department of Organizational Performance Director
Mike Kingery, Independent Internal Audit Program Manager
James Gruber, Chief Deputy City Attorney
James Brown, Director, Human Resources & Risk Management
Julie Bower, City Clerk
Sheryl Rabin, Deputy City Clerk, City Clerk's Office
Kristen Benavidez, Records Program Manager, City Clerk's Office
Chelsea Ritchie, Consulting Manager, Moss Adams (Guest)

3. CITIZEN COMMENTS

No members of the public were present. No comments.

4. APPROVAL OF THE MINUTES

Councilmember Aldama motioned to approve the Audit Committee Minutes of the September 8, 2021 meeting as written. Councilmember Malnar made the second. Motion carried unanimously.

5. MOTION TO CALL FOR AND ENTER INTO EXECUTIVE SESSION

Councilmember Malnar motioned to enter into Executive Session at 3:03 p.m. Councilmember Aldama made the second. Motion carried unanimously.

6. EXECUTIVE SESSION

Review and discuss draft audit reports pursuant to Glendale City Code §2-54b and §2-58c (A.R.S. §38-431.03 (A)(2)). Session was held.

7. MOTION TO ADJOURN EXECUTIVE SESSION AND RECONVENE IN OPEN SESSION

Councilmember Malnar motioned to adjourn Executive Session at 3:28 p.m. Councilmember Aldama made the second. Motion carried unanimously and Open Session was reconvened.

8. CONSIDERATION AND POSSIBLE VOTE ON EXECUTIVE SESSION ITEMS

Chair Hugh announced that the committee would review and consider vote to approve the following two audit reports: Public Records Law Compliance; Overtime Use and Compliance Audit. Chair Hugh motioned to approve both audit reports. Councilmember Malnar made the second. Motion carried unanimously.

9. DETERMINATION OF AUDIT COMMITTEE'S CHAIRPERSON

Chair Hugh motioned to appoint Councilmember Aldama as the new Chairperson. Councilmember Malnar made the second. Motion carried unanimously.

10. STATUS UPDATE OF AUDIT COMMITTEE GOALS

Mr. Kingery reviewed the goals that were approved by the Audit Committee during the September 8, 2021 meeting. The goals are: 1) developing a work plan for implementation of an Independent Internal Audit Program (IIAP) quality assurance and improvement program in preparation for a peer review in FY24, and 2) monitoring remediation of outstanding recommendations from prior audits to ensure they are fully implemented by June 30, 2022. Mr. Kingery stated that preliminary research for a peer review has begun, and that some information from the Association of Local Government Auditors was received this morning, but he had not yet had a chance to review it.

For the second goal, Mr. Kingery noted that the number of findings still outstanding had gone from the original count of 80+ to approximately 40 at the last meeting, and now to 23 as of today. Nearly half of the remaining findings are from one audit, and the HR and IT departments are working together to consolidate policies to address them; the other outstanding findings are being researched and responded to by the corresponding auditee departments. Updates to the status of both goals will be provided at the next Audit Committee meeting. There was no further discussion on this agenda item.

11. UPDATE TO FY21 AND FY22 AUDIT PLANS

Mr. Kingery explained that with the two completed audits presented by Moss Adams today, the FY21 audit plan has now been completed. For the FY22 audit plan, the first two audits performed by the IIAP (Arizona Sports and Tourism Authority (AZSTA) Contract Compliance, and Purchasing Cards) are underway, with both being in the preliminary research and planning stage. The status of the other IIAP audits (Cash Management, Payroll Process, Telecommuting Policy and Compliance, and Park Ranger Program evaluation) remain as scheduled and discussed at the September 8, 2021 meeting.

Councilmember Aldama asked how recently both the Purchasing Card and the Cash Management audits had been completed. Mr. Kingery stated that the Cash Management audit was completed as part of the FY21 audit plan. Being unsure of when the Purchasing Card audit last occurred, Mr. Kingery said he would need to research that and follow-up with the answer. Councilmember Aldama indicated he would like to know the status of any unresolved findings as part of these audits for FY22. Mr. Kingery stated that both of these audits, along with the Payroll Process audit, would be more of a full-scope engagement this year (including status of prior findings resolution), with an eye towards continuous monitoring through IIAP's audit software Robotic Process Automation (RPA) functionality moving forward. There were no further questions or discussion related to the IIAP audit plan portion.

Mr. Kingery addressed the contracted audits portion of the FY22 audit plan. Moss Adams currently has two audits underway (Risk Management training program evaluation, and Intelligent Transportation System). A third audit is currently underway (IT Security audit) and being done by another approved, qualified vendor, Securance LLC. Of the remaining five to be performed by Moss Adams, two (Housing Management and Maintenance, Budget & Finance – Contract Compliance and Performance) are awaiting key vacant positions in those areas to be filled very soon prior to beginning the engagement. The last three (Engineering – Capital Improvement Program, City Transit Program, and Fleet Management Program) remain as scheduled and discussed at the September 8, 2021 meeting. There were no further questions.

12. COMMITTEE COMMENTS AND SUGGESTIONS

Councilmember Aldama thanked everyone for their support in being appointed as the new Audit Committee Chairperson. There were no other comments or suggestions.

13. NEXT MEETING

The next regularly scheduled meeting of the Audit Committee will be on Thursday, March 3, 2022, at 2:00 p.m. All committee members agreed on that date/time.

14. ADJOURNMENT

Chairman Hugh adjourned the meeting at 3:37 p.m. No objection was made.

The Audit Committee meeting minutes of December 7, 2021 were submitted and approved this _____ day of March, 2022.

Michael Kingery
Independent Internal Audit Program Manager