

DRAFT



**MINUTES
AUDIT COMMITTEE
CITY HALL, CONFERENCE ROOM B3
5850 W. GLENDALE AVE.
GLENDALE, ARIZONA 85301
SEPTEMBER 15, 2022
2:00 P.M.**

1. CALL TO ORDER

Councilmember Hugh called the meeting to order at 2:01 p.m.

NOTE: Vice Mayor Aldama (Chair) attended via phone; Councilmember Hugh presided.

2. ROLL CALL

Present: Jamie Aldama, Vice Mayor, Chairperson
Ian Hugh, Councilmember
Raymond Malnar, Councilmember
Irene Avalos, Member
Rusty Simmons, Member
Kevin Phelps, City Manager
Levi Gibson, Interim Budget & Finance Director

Also Present: Khala Stanfield, Director, Department of Organizational Performance
Mike Kingery, Independent Internal Audit Program Manager
James Gruber, Chief Deputy City Attorney
Vicki Rios, Assistant City Manager
Jim Brown, Director, Human Resources & Risk Management
Shahid Abbas, Director, Transportation
Kevin Link, Transit Administrator, Transportation
Erin Steffa, Management Assistant, Transportation - Transit
Connie Schneider, Procurement Administrator, Budget & Finance
Chelsea Ritchie, Consulting Senior Manager, Moss Adams (Guest)
Maria Stroth, Consulting Manager, Moss Adams (Guest)
Brad Hagaman, Consulting Staff, Moss Adams (Guest)

3. **CITIZEN COMMENTS**

No members of the public were present. No comments.

4. **APPROVAL OF THE MINUTES**

Councilmember Malnar motioned to approve the Audit Committee Minutes of the June 1, 2022, meeting as written. Chairman Aldama made the second. Motion carried unanimously.

AYE: Vice Mayor, Chairperson Jamie Aldama
Councilmember Ian Hugh
Councilmember Raymond Malnar
Member Irene Avalos
Member Rusty Simmons

5. **MOTION TO CALL FOR AND ENTER INTO EXECUTIVE SESSION**

Councilmember Malnar motioned to call for and enter into Executive Session at 2:02 p.m. Member Avalos made the second. Motion carried unanimously.

AYE: Vice Mayor, Chairperson Jamie Aldama
Councilmember Ian Hugh
Councilmember Raymond Malnar
Member Irene Avalos
Member Rusty Simmons

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**

Chairperson Aldama motioned to adjourn Executive Session at 2:42 p.m. Member Avalos made the second. Motion carried unanimously and Open Session was reconvened.

AYE: Vice Mayor, Chairperson Jamie Aldama
Councilmember Ian Hugh
Councilmember Raymond Malnar
Member Irene Avalos
Member Rusty Simmons

8. **CONSIDERATION AND POSSIBLE VOTE ON EXECUTIVE SESSION ITEMS**

Councilmember Hugh announced that the committee would review and consider vote to approve the following four audit reports: Housing Management & Maintenance, Transit Services Program, Purchase Card, and Teleworking. Member Simmons motioned to approve the audit reports. Member Avalos made the second. Motion carried unanimously.

AYE: Vice Mayor, Chairperson Jamie Aldama
Councilmember Ian Hugh
Councilmember Raymond Malnar
Member Irene Avalos
Member Rusty Simmons

9. **FY2022-23 AUDITOR'S ANNUAL INDEPENDENCE STATEMENT**

Mr. Kingery explained the requirement, verbally affirmed his independence, and shared the completed, written form with the committee. There were no questions asked.

10. **GOAL SETTING AND TOPICS FOR DISCUSSION**

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 expected/target date.

Mr. Kingery noted that the findings reported by the two prior Internal Audit leaders have all been addressed. They have either been cleared, will be reviewed as part of the FY23 audit plan in scheduled audits, or will be closed out when new systems are implemented in FY23 or FY24. In addition, Mr. Kingery addressed the findings from audits since the time of his hire 16 months ago. He has followed up with the responsible department for each, and apart from some logistics and final determinations/approvals, noted that all of them have been addressed. Mr. Kingery offered to share a summary spreadsheet of said findings with the committee; member Avalos accepted the offer and asked for the info.

For the peer review goal, Mr. Kingery noted that he had attended peer review training provided by the Association of Local Government Auditors (ALGA) over the summer and was now qualified to be part of a peer review team. He stated that he has been assigned as a peer review team member in October for the City of Toronto, which as the reviewee, pays for all costs. There is no cost to the City of Glendale for participating as a peer review team member. Mr. Kingery said this will allow him to experience the entire process and see how much is involved when we are peer reviewed in FY24. Member Avalos asked if there was an exact time for our review. Mr. Kingery stated that nothing has been scheduled yet, just that it would fall between July of 2023 and June of 2024. As there were

no other comments or questions, these two goals remain in place for the rest of FY23 unless changed in subsequent committee meetings.

11. **UPDATE TO FY22 AND FY23 AUDIT PLANS**

Mr. Kingery provided the status of the audits scheduled on the FY22 audit plan. Both the Purchasing Card (p-card) audit and the Teleworking audit were presented today, and the AZSTA audit was presented in a prior meeting. The Cash Management and the Payroll Process audits have been deferred to FY24, with the possibility of doing one of them in FY23. Mr. Kingery stated that he has worked with the vendor for our audit software (Diligent/HighBond) and the IT department to see about installing some robotics/analytics related to payroll. Preliminary discussions between all parties are underway to determine logistics and possibilities.

For the contracted firms working on the FY22 audit plan, Mr. Kingery noted that all have been completed except one. Moss Adams is wrapping up the Fleet Management Program audit, and a draft report with management responses is nearly complete. This report will be presented at the next meeting.

Moving to the FY23 audit plan, Mr. Kingery noted there were four assigned to staff (Property Evidence for the Police Department, the Triennial Agreed Upon Procedures for City Courts (which cannot begin until after calendar year 2022 is complete), an Airport Compliance audit, and another Purchase Card audit). Mr. Kingery indicated that the p-card audit will likely be replaced by the Payroll audit deferred from FY22 if the aforementioned analytics can be successfully and timely implemented.

For the contracted audits in FY23, one of our qualified vendors (Heinfeld Meech) will be doing their first two audits under our current structure. The first is Field Operations Asset Management, which is already underway, and the second is Fire Asset Management. Timing for the second audit is undetermined, but on the radar for the Fire Department who is soon to get a new Fire Chief. Another vendor, Securance, is performing two IT audits. Securance completed an IT audit last year that was well done and well received by IT. The first audit (Password Security) begins next month; the second (Third Party Risk) will begin likely in February or March of 2023.

The remaining four contracted audits will be done by Moss Adams. The Housing (compliance) audit will begin next month with preliminary meetings already scheduled. A second audit in Community Services of the Revitalization Program will likely begin in the final quarter of FY23. The third audit by Moss Adams is a City Fees engagement, which begins in a few weeks; the fourth and final audit is a review of the Procurement Process, slated for January or February of 2023. There were no other comments or questions .

12. **COMMITTEE COMMENTS AND SUGGESTIONS**

There were no comments, suggestions, or questions.

13. **NEXT MEETING**

The next regular meeting of the Audit Committee will be held on December 15, 2022, at 2:00 p.m. All committee members agreed on that date/time.

14. **ADJOURNMENT**

With no further business, Councilmember Hugh adjourned the meeting at 2:54 p.m.

The Audit Committee meeting minutes of _____, 2022 were submitted and approved this ____ day of _____, 2022.

Mike Kingery
Independent Internal Audit Program Manager