



**MINUTES  
AUDIT COMMITTEE  
GLENDALE REGIONAL PUBLIC SAFETY  
TRAINING CENTER – CONF. ROOM 103  
11550 W. GLENDALE AVENUE  
GLENDALE, ARIZONA 85307  
December 13, 2023  
2:00 P.M.**

Councilmember Jamie Aldama, Chairperson  
Councilmember Ian Hugh, Member  
Councilmember Raymond Malnar, Member  
Irene Avalos, Member  
VACANT, At-Large Member  
City Manager Kevin Phelps, Ex-officio Non-voting Member  
Budget and Finance Director Levi Gibson, Ex-officio Non-voting Member

**1. CALL TO ORDER**

Councilmember Aldama called the meeting to order at 2:03 p.m.

**2. ROLL CALL**

Present: Councilmember Jamie Aldama, Chairperson  
Councilmember Ian Hugh, Member  
Councilmember Raymond Malnar, Member  
Irene Avalos, Member  
Kevin Phelps, City Manager, Ex-officio Non-voting Member  
Budget & Finance Director, Levi Gibson, Ex-officio Non-voting Member

Absent: Vacancy, At-Large Member

Also present: Mike Kingery, Independent Internal Audit Program Manager  
James Gruber, Chief Deputy City Attorney  
Vicki Rios, Assistant City Manager  
Rick St. John, Deputy City Manager  
Ken Barnes, Assistant Fire Chief, Fire Services  
Tim Pirtle, Assistant Fire Chief, Fire Services  
Eric Keppler, Deputy Fire Chief, Fire Services  
Connie Schneider, Procurement Administrator, Budget & Finance  
Jeff Bratcher, Program Manager, Organizational Performance Office  
Christopher Goeman, Audit Manager, Heinfeld & Meech (guest)  
Angela Janda, Director, Moss Adams (guest)  
Chelsea Ritchie, Consulting Senior Manager, 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 September 7, 2023, meeting as written; Councilmember Hugh 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 2:04 p.m. Councilmember Hugh made the second. Motion carried unanimously.

### **6. REVIEW OF NEW IIAP POLICY & PROCEDURES MANUAL (PPM)**

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 3:06 p.m. Councilmember Hugh made the second. Motion carried unanimously and Open Session was reconvened.

### **8. CONSIDERATION/POSSIBLE VOTE ON EXECUTIVE SESSION ITEMS**

Councilmember Aldama announced that the committee would review and consider vote to approve the following two audit reports: Procurement and Fire Asset Management. Councilmember Malnar motioned to approve the audit reports. Councilmember Hugh made the second. Motion carried unanimously.

### **9. UPDATE ON COMMITTEE GOALS**

For the first goal related to a quality assurance program and peer review, Mr. Kingery reminded the committee of our discussion at the September meeting regarding the new Global Internal Audit Standards (GIAS) promulgated by the Institute of Internal Auditors (IIA). The GIAS will be published next month, at which time Mr. Kingery will send them to the committee members.

Following an IIA webinar about the GIAS, he will then update the IIAP Policy and Procedures Manual as necessary.

For the second goal related to follow-up on outstanding audit findings, Mr. Kingery explained his monitoring process. On the spreadsheet shared with the committee, he adds new findings that were not yet due at the previous meeting and updates the status of others. Once resolution of a finding is complete, it will be removed from subsequent spreadsheets. For this meeting, there were four items completed that will no longer be listed. Mr. Gibson asked if one of them was the finding related to p-card training; Mr. Kingery confirmed that as correct. There was no further discussion on this agenda item.

## **10. UPDATE ON FY23 AND FY24 AUDIT PLANS**

Mr. Kingery reviewed the status of the FY23 audit plan, noting that two are still in process and the remaining audits were complete. The airport audit performed by IIAP is more of a contract compliance audit for its tenants/vendors than FAA compliance, as the FAA and ADOT regularly examine airport operations. The Revitalization audit performed by Moss Adams has a draft report issued, but the department did not have sufficient time to provide management responses for this meeting; it will be presented at the March 2024 meeting.

One other item from the FY23 audit plan was shifted to FY24. This relates to build out of some payroll analytics with our contracted audit software vendor. Mr. Kingery noted that just prior to today's meeting, he received confirmation from IT that the implementation plan was approved and the vendor can get started. Once built, the analytics will run for several months to collect data and see if they're working as intended. When sufficient data is available to analyze, the IIAP Manager will report the preliminary results to the committee.

Mr. Kingery noted that IIAP has entered into a pilot project with another vendor for Accounts Payable (A/P) analytics. Glendale will be part of a cohort with other cities across the country that utilize MUNIS, and the vendor already has two dozen or so analytics in place. The vendor has our A/P data, and beginning next month, the cohort will meet regularly to discuss which analytics are most useful as well as recommend new analytics for the vendor to build.

For the FY24 audit plan, Mr. Kingery explained that most of them were awarded to Moss Adams and the IT audit was awarded to Securance. With the Moss Adams contract nearly complete, the hope is that work on several audits can begin next month. He reminded the committee that at the September meeting it was recommended for two engagements on the FY24 audit plan – Landfill regulatory compliance and Parks & Recreation ADA compliance – that those reviews should be performed by industry experts in lieu of internal audits.

Mr. Kingery indicated that Field Ops is currently under contract for an assessment of ADA compliance at multiple facilities. Field Ops offered the unspent portion of the contract to Parks and Recreation for them to use. Parks and Recreation is in the process of scoping the review based upon the contract's remaining balance. For the landfill review, Mr. Kingery had further discussions with Field Ops. They indicated that the landfill had just undergone their annual assessment performed by ADEQ, and sent the results to the IIAP Manager. Field Ops "passed" the assessment; there were no findings reported by ADEQ. Mr. Kingery told the committee that in light of these results, we could discuss if there are other aspects related to landfill operations the committee may wish to be reviewed.

Mr. Kingery noted that for two other items on the FY24 audit plan (in both Water Services and Transportation), the City Attorney's Office recommended that similar to the landfill and ADA assessments, outside reviews by industry regulatory experts may be more appropriate than internal audits. For example, IIAP discussed potential scope with Water Services on various

regulations such as Safe Drinking Water rules. However, there is a level of industry experience and expertise needed to adequately assess these that IIAP nor our contracted audit vendors possess. In discussions with IIAP, Water Services mentioned some other potential areas for review that lend themselves more to performance auditing. At this time, IIAP removed the two engagements from the Moss Adams contract until we can better define a scope for each; Mr. Kingery felt it was better to get the Moss Adams contract for the other audits approved so they can begin, and then we can do an addendum for the other engagements as needed.

Mr. Aldama asked that if we table the Water Services audit for now, when does that come back to the committee for decision/action. Mr. Kingery indicated that additional discussion with Water Services is needed, and that they are reviewed regularly by the same agencies and firms that assess water operations throughout the Valley. Mr. Kingery said he would provide an update at the March 2024 audit committee meeting.

Ms. Avalos asked what in the risk assessment drove the decision to include this in the FY24 audit plan. Mr. Kingery replied that there was not a specific instance or concern that led to its inclusion. Rather, it was the department knowing that they have regulatory risks inherent in their industry. Ms. Avalos then wondered if departments had since undergone regulatory audits and addressed any findings, how does that impact the audit plan from an audit committee standpoint. Mr. Kingery said that as we shift more toward performance auditing, that allows for industry experts to perform their regulatory compliance assessments. Then future audit plans would also shift more toward performance risk and process improvement versus compliance risk. Likewise, the audit teams engaged would require more performance audit expertise than specific compliance expertise.

Ms. Avalos recommended that for the March 2024 meeting, we can see if affected departments could possibly have other aspects of their operations reviewed that better lend themselves to performance-based reviews. Mr. Kingery said he will discuss with departmental management teams and provide updates and/or potential performance audit scope(s) at the next meeting. There was no further discussion on this agenda item.

## **11. DETERMINATION OF AUDIT COMMITTEE'S CHAIRPERSON**

Mr. Kingery indicated that we do not have to change the chairperson, but that the current appointment occurred at the December 2021 meeting, so two full calendar year of meetings have now been held with the current chair. Mr. Kingery noted the only requirement is that one of the three councilmembers holds that title. As Councilmember Hugh served as the chair prior to Councilmember Aldama, it was determined that Councilmember Malnar would be named the new chairperson. There was no further discussion on this item.

## **12. COMMITTEE COMMENTS AND SUGGESTIONS**

Mr. Aldama asked if there were any additional comments, suggestions, or questions from the committee. Hearing none, this item was closed.

## **13. NEXT MEETING**

The next regularly scheduled meeting of the Audit Committee will be on Wednesday, March 13, 2024, at 2:00 p.m. All committee members agreed on that date/time.

## **14. ADJOURNMENT**

With no further business, Councilmember Aldama adjourned the meeting at 3:22 p.m.

The Audit Committee meeting minutes of December 13, 2023, were submitted and approved this 13th day of March, 2024.

Michael Kingery  
Independent Internal Audit Program Manager