

Audit Committee

Goodyear City Hall - La Jolla Vista Conference Room (2nd Floor)
1900 N. Civic Square
Goodyear, AZ 85395



Monday, January 26, 2026

3:00 p.m.

Meeting Minutes

CALL TO ORDER

Chair Brannon Hampton called the meeting to order at 3:03 p.m.

ROLL CALL

Present: Chair Brannon Hampton; Councilwoman Vicki Gillis; Councilmember Trey Terry
Staff: Interim Director of Finance Michael Shoemaker; Acting Deputy City Manager Paul Luizzi;
Present: City Auditor Billy Vickers; Deputy Director of Finance Kevin Custer; Management Assistant Kelli Gieszler; Legal Assistant Ariana Ramirez; Assistant to the Council Amber Costello

PUBLIC COMMENTS

There were no public comments.

BUSINESS

1. APPROVAL OF MINUTES

MOTION BY Councilwoman Vicki Gillis, **SECONDED BY** Councilmember Trey Terry to **APPROVE** the November 17, 2025 meeting minutes.

AYE: Chair Brannon Hampton, Councilwoman Vicki Gillis, Councilmember Trey Terry
Passed - Unanimously

2. PAYROLL & TIMEKEEPING ASSESSMENT UPDATE

Billy Vickers, City Auditor presented the Audit Committee with an update on the Payroll and Timekeeping Assessment. Mr. Vickers reported that development of the compliance dashboard is ongoing and explained that, based on his review of sources contributing to payroll errors, additional recommendations were identified and are being incorporated into the dashboards to help filter conditions and allow corrections to be made before issues result in payroll system errors.

Mr. Vickers further reported that Human Resources and Information Technology staff are working to reduce and ultimately eliminate the paper Change of Status form by automating the process through Munis, with a workflow currently in progress. He noted that Human Resources processes approximately 50 to 100 Change of Status requests per pay period, and that Information Technology has implemented calendar reminders prompting employees to review and approve their time.

He explained that this item will be fully completed once the compliance dashboard is finalized, implemented on a regular basis, and also exploring options for notification for identified exceptions or errors.

Mr. Vickers recommended that Human Resources publish an internal calendar identifying deadlines for submitting Change of Status requests in order for changes to be effective in a specific pay period.

He reported that while some items are slightly delayed, development of the dashboards is expected to resolve outstanding issues and bring the assessment back on track.

Mr. Vickers also reported that Information Technology is approximately halfway through its assessment to develop recommendations related to the city's multiple timekeeping systems, including exploring potential integration to reduce errors, as the systems currently operate independently and do not interface with the payroll system.

Chair Brannon Hampton asked whether there were any outstanding items. Mr. Vickers responded that remaining items are delayed due to ongoing work related to the compliance dashboard and the assessment of potential system integration.

3. **INTERNAL AUDIT RULES OF PROCEDURE**

Billy Vickers, City Auditor, presented the Internal Audit Rules of Procedure and shared his vision for Internal Audit to serve as a strategic partner and trusted advisor to the city while maintaining independence and objectivity. He stated that the mission of Internal Audit is to strengthen the City of Goodyear's ability to create, protect and sustain its value by providing City Council, the Audit Committee, and management with independent, risk-based, and objective assurance advice, insight, and foresight.

Mr. Vickers explained that foresight represents an evolution in the internal audit function, shifting from a traditional backward-looking approach to proactively evaluating how current conditions and risks may impact the city in the future. He noted that this forward-looking perspective enhances the value of the audit function.

Mr. Vickers further explained that the Rules of Procedure operate in coordination with the City Code, which authorizes both the City Auditor and the Audit Committee, as well as the Audit Committee bylaws that regulate the committee. He stated that the Rules of Procedure serve as guiding principles that further define the Internal Audit function, including its authority, scope, and expectations.

MOTION BY Chair Brannon Hampton, **SECONDED BY** Councilwoman Vicki Gillis to **APPROVE** the Internal Audit Rules of Procedure.

AYE: Chair Brannon Hampton, Councilwoman Vicki Gillis, Councilmember Trey Terry
Passed - Unanimously

4. **RISK ASSESSMENT REPORT**

Billy Vickers, City Auditor, presented the Risk Assessment and explained that the assessment identified approximately 94 potential activities presenting varying levels of risk to the city. He stated that the assessment was initially focused on addressing areas of concern raised by City Council and executive management, which informed development of the Audit Plan. Mr. Vickers explained that the risk assessment provides a framework for allocating audit resources in the most effective manner.

Chair Brannon Hampton commented that it made sense to begin with areas executive management believes pose the highest risk, noting that management is best positioned to identify significant risks. Mr. Vickers responded that the assessment served as a starting point in the absence of a prior framework and will continue to be refined and improved over time.

Councilwoman Gillis inquired whether Mr. Vickers was responsible for raising identified risks to management. Mr. Vickers confirmed that he is and explained that the initial effort was intended to initiate the process by identifying strategic goals, evaluating risks that could prevent those goals from being achieved, and determining mitigation strategies. Councilwoman Gillis asked whether this included ongoing oversight of those risks. Mr. Vickers responded that, to some extent, it does, and noted that the process is also educational for management, as this type of risk-based thinking is new.

Chair Hampton commented on the importance of identifying risks. Mr. Vickers stated that he has met with all city directors at least twice and reported that they were open and helpful throughout the process.

5. **AUDIT PLAN**

Billy Vickers, City Auditor, presented the Audit Plan and provided an overview of planned audit and non-audit projects. He reported that management approved the acquisition of AuditBoard, an audit management platform, which he described as a best-in-class tool that reduces administrative overhead and supports management of a hybrid audit model that includes co-sourced and outsourced work. He stated that without such a platform, the Internal Audit function would be significantly limited in its ability to manage multiple projects.

Mr. Vickers also reported that the city acquired Alteryx, an analytics platform, to support audit and continuous monitoring efforts. He stated that while both platforms are in place and implementation has begun, their full benefits are not expected to be realized until the beginning of the next fiscal year.

Mr. Vickers identified areas of concern informing the Audit Plan, including ambulance billing, development impact fees, and in-lieu payments. He stated that follow-up reviews are planned for the payroll review conducted internally and the payroll review performed by Protiviti, with future efforts focused on assessing implementation and verifying outcomes. He also noted that Protiviti conducted a review related to the Capital Improvement Program for Engineering, which Internal Audit will likely follow up on internally.

Councilwoman Gillis inquired about the status of the payroll review. Mr. Vickers responded that

a more detailed update would follow the Audit Plan presentation and clarified that additional details, including whether it relates to first responder payroll, would be provided shortly.

Mr. Vickers explained that Alteryx will be used for continuous monitoring, initially focusing on procurement cards, accounts payable, general ledger activity, and pay and benefit reconciliation, and may also support additional analysis beyond payroll and Human Resources dashboards. He stated that Phase II implementation is dependent on budget approval and noted that he has requested funding to support expanded co-sourcing and outsourcing of audit work to accelerate completion of identified projects.

Chair Brannon Hampton asked whether outsourced audit work would be performed by third-party consultants. Mr. Vickers confirmed that it would and stated that Internal Audit would continue to monitor all projects, including those performed by external consultants. He emphasized the importance of carefully scoped engagements and noted that the AuditBoard platform will allow oversight of outsourced work.

Chair Hampton asked whether another city was assisting with audit work or how that process would function. Mr. Vickers responded that most cities have lean audit staffing and also utilize hybrid outsourcing models. He stated that, in the future, once a body of audit work has been established, external reviewers may be engaged to ensure the Internal Audit function remains in compliance with applicable audit standards.

Councilmember Trey Terry asked about the size of the requested budget and noted that Internal Audit is a new department, with the requested funding being supplemental. Mr. Vickers referenced the Audit Plan and stated that \$75,000 was previously allocated for professional services, a portion of which was used for software acquisition, and that he is requesting \$250,000 for the upcoming fiscal year.

Chair Hampton asked how many audits are scheduled for completion in the next fiscal year. Mr. Vickers referenced the Audit Plan and stated that Phase I and Phase II audits are expected to be completed by the end of Fiscal Year 2027, with additional projects identified for future consideration. He noted that some departments may also elect to fund additional audits beyond those included in the plan.

Councilwoman Gillis asked how the \$250,000 budget request was determined. Mr. Vickers explained that the initial risk assessment identified approximately 94 potential audit activities and that, based on discussions with the former Finance Director regarding the scope of work needed to make a meaningful impact, a budget request of approximately \$250,000 was recommended.

Chair Hampton asked whether subject matter experts within departments could be trained to assist with audit efforts. Mr. Vickers stated that Internal Audit conducts interviews and walkthroughs with subject matter experts as part of audit planning but emphasized the importance of maintaining independence and objectivity. He noted that allowing non-auditors to conduct audits presents risks to independence. Mr. Vickers added that there may be future opportunities to add audit support.

6. PAYROLL ERROR REVIEW

Billy Vickers, City Auditor, provided an update on the Payroll Error Review and explained that analysis of payroll error data identified approximately ten categories of errors that prevent payroll from initially processing. He stated that when these errors occur, payroll staff must stop processing and research the issues in order to remediate them, which can require multiple cycles before payroll is able to proceed.

Mr. Vickers explained that most of the errors are the result of insufficient preventive controls, particularly timing issues related to employee master file maintenance. He noted that Human Resources generally manages the master file, while departments manage timekeeping, and that the lack of system integration contributes to data mismatches.

Councilwoman Vicki Gillis asked whether these issues would account for paycheck errors experienced by Fire and Police employees. Mr. Vickers clarified that the errors discussed prevent payroll from processing initially and are related to weak preventive controls. He stated that separate issues contributing to pay discrepancies involve numerous additional conditions related to timing and updates to employee master file information, which have also been identified.

Mr. Vickers provided an example involving leave eligibility, such as Family and Medical Leave Act (FMLA) or military leave, explaining that while employees may be marked eligible in the system, failure to associate the appropriate benefit tables can result in payroll errors. He emphasized that, based on his review, payroll calculations themselves are functioning correctly and that issues primarily stem from upstream master file maintenance and process controls rather than calculation errors.

Councilwoman Gillis noted issues related to military leave and lateral hires being placed at incorrect steps, and Mr. Vickers confirmed that these are also examples of master file maintenance issues. He reiterated that the system calculates pay correctly based on the information it receives and that inaccuracies arise when underlying data is incorrect or incomplete.

Mr. Vickers stated that the recommended compliance dashboards are intended to identify these conditions before payroll processing begins, allowing Human Resources and payroll staff to review and correct issues proactively. Councilwoman Gillis asked whether these issues could have been identified without specialized review. Mr. Vickers responded that identifying such issues requires system knowledge and an understanding of system interactions, data flow, and process controls.

Mr. Vickers expressed that a follow-up review is planned and that he anticipates a significant reduction in pay discrepancies once corrective actions are implemented. He stated that staff are currently working on the recommended actions and that deadlines are approaching, with a follow-up update to be provided at a future meeting.

Councilwoman Gillis emphasized the importance of preventing further paycheck issues. Mr. Vickers agreed and noted that payroll errors have a psychological impact and erode employee trust. He stated that the sources of the issues and the necessary preventive controls have been identified and that the dashboards are expected to serve as a key mitigation tool to reduce future payroll errors.

Councilwoman Gillis asked about the estimated \$89,000 labor cost associated with correcting payroll errors. Mr. Vickers explained that the estimate is based on the number of identified errors and the amount of time required for payroll staff to research, correct, and reprocess payroll. He stated that eliminating these errors represents a potential labor cost savings, allowing staff time to be redirected to other work rather than addressing payroll interruptions.

INFORMATION ITEMS

There were no information items.

FUTURE MEETINGS

The next meeting is tentatively scheduled for April 27, 2026.

ADJOURNMENT

There being no further business to discuss, Chair Brannon Hampton adjourned the meeting at 3:39 p.m.

Respectfully Submitted by:

Ariana Ramirez, Board Secretary

Brannon Hampton, Chair

Date: _____