

CITY OF SURPRISE
Audit Committee Meeting
16000 North Civic Center Plaza
Surprise, AZ 85374

Thursday, March 31, 2022 – 3:30 p.m.

CALL TO ORDER

Chair Connie Bowers called the **Audit Committee Meeting** to order at 3:30 p.m. at Surprise City Hall, Overflow Room, 16000 North Civic Center Plaza Surprise, Arizona 85374, on Thursday, March 31, 2022.

ROLL CALL

Connie Bowers, Chair, Alan Meyer, Committee Member, Brenda Kiner, Committee Member (arrived at 3:39 p.m.), Councilmember Chris Judd, Councilmember Ken Remley (Absent), Holly Osborn, Director of Parks and Recreation, Andrea Davis, Director of Finance

PLEDGE OF ALLEGIANCE

CURRENT EVENTS AND REPORTS

None.

STAFF REPORTS

None.

STAFF PRESENT

Carol Holley, Internal Auditor-Sr., Bob Wingenroth, City Manager, Mike Gent, Deputy City Manager, Donna Meuse, Human Resources Director, Gina Busby, IT Security Manager, Tammie Hollowell, Chief Information Officer, Chris Boyd, Director of Community Development, Jackie Moucheron, Staff Liaison, Genevieve Martin Del Campo, Staff Liaison.

CALL TO THE PUBLIC

None.

REGULAR AGENDA ITEM

1. Action item: Consideration and action to elect a Chairperson and Vice-Chairperson for the Audit Committee:

Committee Member Meyer moved to elect Committee Member Brenda Kiner as Chairperson of the Audit Committee, and Councilmember Judd seconded the motion. Motion carried 3-0.

Committee Member Bowers moved to elect Committee Member Alan Meyer as Vice-Chairperson of the Audit Committee, and Councilmember Judd seconded the motion. Motion carried 3-0.

2. Action item: Consideration and action to approve or disapprove the February 16, 2022 City Audit Committee meeting Minutes:

Committee Member Bowers moved to approve the February 16, 2022, Audit Committee Meeting minutes, and Councilmember Judd seconded the motion. Motion carried 3-0.

3. Action item: Consideration and action pertaining to the March 2022 Associational of Local Government Auditors Peer Review:

Corrie Stokes gave an overview and presentation of the external auditor peer review.

Committee Member Bowers motioned to postpone any action on this item to the next Audit Committee Meeting, and Vice-Chair Meyer seconded the motion. Motion carried 4-0.

4. Presentation & Discussion item: Presentation and Discussion pertaining to the fiscal year 2021 annual audit and Comprehensive Annual Financial Report and Associated reports:

Brittany W. gave a presentation and overview of the FY2021 annual audit.

Councilmember Judd asked about the \$1.5 million reimbursements. Andrea Davis responded that we had outstanding development agreements. We had some old money and were waiting for legal interpretations on who we should pay and whose money it was. Andrea Davis clarified that the City received the money in the correct fiscal year but the expenditure was posted to the general ledger in the wrong fiscal year.

5. Action item: Consideration and action pertaining to the Quarterly Summary of Audit Recommendations Status Report:

Chris Boyd gave an update on the LIS system.

Chair Kiner confirmed that the cashiering module will process and receive the payment and then communicate with the department that the payment has been received. Chris Boyd responded that inside the permitting system an invoice will be generated and that two different APIs will be used to communicate with Finance's cashiering system and the general ledger so transactions can be reconciled on a

daily basis. Chris Boyd goes on to explain why the City is trying to make the payment processing of the cashiering module more efficient.

Committee Member Bowers asked if the department has to do something on their end when the invoice comes through as a result of the cashiering module not comingling. Andrea Davis responded that the cashiers have to manually enter in all of the account strings, causing the process to be time-consuming. Committee Member Bowers further asked that when everything interfaces, there will no longer be a manual process. Chris Boyd and Andrea Davis responded that is the goal.

Committee Member Bowers asked if the cashiering module will be first. Chris Boyd responded no. He further explained that there are multiple modules involved with the cashiering module, and it will not come online until close to the very end to allow a universal invoice.

Chair Kiner asked what the contingency plan is if the cashiering system does not connect with the LIS system. Andrea Davis responded that we have a contingency plan that will be more manual and not as sophisticated.

Committee Member Bowers asked if Finance sees any problems with the manual process. Andrea Davis responded that reconciliation is done manually by an accountant to check for any errors. Andrea further states that the City has checks and balances in place, but it is a manual process.

Committee Member Bowers asked how many modules there are. Andrea Davis responded that almost every department has a module. Committee Member Bowers followed up by stating any department with a fee.

Carol Holley states that the LIS System is scheduled to be completed in 2023. For internal audit, we are going to give them approximately a year after their implementation and go-live date to re-audit the area, which could be in 2024 or 2025.

Chair Kiner moved to approve the Quarterly Audit Recommendations Status report, and Vice-Chair Meyer seconded the motion. Motion carried 4-0.

6. Action item: Consideration and action pertaining to Accounts Payable Trends and Analysis:

Chair Kiner asked if there was only one indicator of Personal Identifying Information (PII) or multiple. Carol Holley responded that there were multiple. Vice-Chair Meyer moved to approve the Accounts Payable Trends and Analysis report, and Committee Member Bowers seconded the motion. Motion carried 4-0.

7. Action item: Consideration and action pertaining to an amendment to the Audit Committee Bylaws:

Committee Member Connie Bowers moved to approve the amendment to the Audit Committee Bylaws, and Vice-Chair Meyer seconded the motion. Motion carried 4-0.

OTHER BUSINESS AND FUTURE AGENDA ITEMS

The next Audit Committee Meeting will be held on June 8, 2022, at 3:30 p.m.

EXECUTIVE SESSION

None.

ADJOURNMENT

Vice-Chair Meyer moved to adjourn, and Committee Member Bowers seconded the motion. Motion carried 4-0. The meeting was adjourned at 4:36 p.m.

ATTEST:

Brenda Kiner, Chair

Jackie Moucheron, Staff Liaison

CERTIFICATION:

I, Sherry Ann Aguilar, City Clerk for the City of Surprise, Maricopa County, Arizona, do hereby verify that these are the true and correct minutes of the Audit Committee Meeting of **Thursday, March 31, 2022**.

Sherry Ann Aguilar, City Clerk, MMC