

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

Wednesday, September 7, 2022 – 3:30 p.m.

CALL TO ORDER

Vice-Chair Alan Meyer 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 Wednesday, September 7, 2022.

ROLL CALL

Brenda Kiner, Chair (Absent), Alan Meyer, Vice-Chair, Tatiana Young, Committee Member, Councilmember Chris Judd, Councilmember Patrick Duffy, 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, City Auditor, Angela Hanson, Internal Auditor, Athena DoBell-Garcia, Internal Auditor-Sr. (Remotely listened in), Erick Martin, Accounting Manager, Jackie Moucheron, Staff Liaison.

CALL TO THE PUBLIC

None.

REGULAR AGENDA ITEM

1. **Action item: Consideration and action pertaining to the approval of the June 8, 2022 Audit Committee meeting minutes:**

Councilmember Duffy moved to approve the June 8, 2022, Audit Committee Meeting minutes, and Alan Meyer seconded the motion. Motion carried 4-0.

2. **Action item: Consideration and action pertaining to the amendment of the Audit Committee Bylaws:**

Carol pointed out the changes that were made to the Audit Committee Bylaws. There were no additional questions about the changes that were made.

Alan Meyer moved to approve the amendment of the Audit Committee Bylaws, and Councilmember Judd seconded the motion. Motion carried 4-0.

3. Action item: Discussion and action pertaining to the FY2021-2022 Annual Audit Activity Report:

Carol gave an overview of the FY2021-2022 Annual Audit Activity Report.

Councilmember Judd asked what are some of the other cities using if they are not using SharePoint. Carol responded that for tracking their audits some of them have actual auditing software such as TeamMate. Councilmember Duffy asked if SharePoint was auditing stuff. Carol responded no, SharePoint is not auditing software the only thing we use it for is to track our audit recommendations, but we do have an auditing tracking system. Tatiana Young asked how many people have access to SharePoint. Carol replied that it depends on how many audits we have going at that time.

Councilmember Judd moved to approve the FY2021-2022 Annual Audit Activity Report, and Alan Meyer seconded the motion. Motion carried 4-0.

4. Action item: Discussion and action pertaining to the FY2021-2022 Annual Audit Plan:

Carol gave an overview of the FY2021-2022 Annual Audit Plan. Carol stated that after they complete all of their regular audits if there is additional time there are two areas considered contingent audits. If all audit reports are complete, on April 1st, they will start the risk assessment as a team. If there is still time left in that last quarter they will start on one of the contingent audits. Tatiana Young asked if procurement regulates all city services. Carol answered yes.

Councilmember Duffy moved to approve the FY2021-2022 Annual Audit Plan and Alan Meyer seconded the motion. Motion carried 4-0.

5. Discussion item: Discussion and updates about pending internal audit recommendations as of August 29, 2022:

Carol gave an update on the status of audit recommendations. Carol stated that they started out with thirty audit recommendations that were being managed in FY2021-2022. At this time they have narrowed it down to twelve high-risk audits, seven moderate, and one low-risk audit. The majority of the high-risk transactions are related to data security and PII controls. IT is working to come up with a management action plan that they will be implementing sometime in October.

Councilmember Duffy asked if IT has data security issues. Carol replied that when they were doing their audits they found instances where the data itself that was

stored inside of some of the systems was not adequately protected. The city has a policy that states if we have sensitive information it has to be encrypted in transit and at rest. Staff is currently working to assess how much data potentially has sensitive information and what will be done about it. This is why Finance and IT are working on a plan to determine how the city is going to manage this information in our system as well as retrain our employees on how to handle confidential/sensitive data.

Councilmember Duffy asked how the information is stored now compared to how it was before. Andrea replied that it's all electronic, it's just a matter of redacting the sensitive information that goes in.

Councilmember Judd asked if the information is stored electronic local or cloud. Andrea replied servers right now, but switching to the cloud.

Councilmember Duffy asked if there was a system that can detect automatically if it is confidential information. Carol replied that these are pictures and isn't sure if the system can detect the confidential information.

Tatiana Young stated that in her organization they have a records management department that monitors sensitive information because finance cannot handle that. Carol replied correct, but we don't have a records department which is why we are going with the staff training aspect.

Carol stated that they have one old recommendation from Community Development. We are leaving it there until 2023. Community Development was supposed to get a new system this year, but has decided to keep its current LIS system and do some upgrades and modifications to it. Once it's complete we will go back and do a full audit on Community Development for developmental services.

OTHER BUSINESS AND FUTURE AGENDA ITEMS

The next Audit Committee Meeting will be held on December 7, 2022, at 3:30 p.m.

EXECUTIVE SESSION

None.

ADJOURNMENT

Alan Meyer moved to adjourn, and Councilmember Duffy seconded the motion. Motion carried 4-0. The meeting was adjourned at 4:27 p.m.

ATTEST:



Brenda Kiner, Vice-Chair
Alan Meyer



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 **Wednesday, June 8, 2022.**

Sherry Ann Aguilar, City Clerk, MMC