

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

Wednesday, June 22, 2023 – 3:30 p.m.

CALL TO ORDER

Acting Chair Alan Meyer called the **Audit Committee Meeting** to order at 3:31 p.m. at Surprise City Hall, Overflow Room, 16000 North Civic Center Plaza Surprise, Arizona 85374, on Thursday, June 22, 2023.

ROLL CALL

Alan Meyer, Acting Chair, Tatiana Young, Committee Member, Stephen Gaddis, Committee Member, Councilmember Chris Judd, Councilmember Ken Remley, Holly Osborn, Director of Parks and Recreation, Andrea Davis, Chief Financial Officer/Deputy City Manager

PLEDGE OF ALLEGIANCE

CURRENT EVENTS AND REPORTS

None.

STAFF REPORTS

None.

STAFF PRESENT

Carol Holley, City Auditor, Erick Martin, Assistant Director of Finance, Tracy Montgomery, Assistant City Manager, Genevieve Martin Del Campo, Staff Liaison.

CALL TO THE PUBLIC

None.

REGULAR AGENDA ITEM

1. Action item: Consideration and action to Elect a City of Surprise Audit Committee Chairperson and Vice-Chairperson:

Councilmember Remley moved to elect Alan Meyer as the Audit Committee Chairperson and Tatiana Young as the Vice-Chairperson, and Councilmember Judd seconded the motion. Motion carried 5-0.

2. Action item: Consideration and action pertaining to approval of the March 29, 2023 meeting minutes:

Councilmember Judd moved to approve the March 29, 2023 meeting minutes, and Alan Meyer seconded the motion. Motion carried 5-0.

3. Action item: Discussion and action pertaining to changing quarterly Audit Committee meetings from a Wednesday to a Thursday:

Carol Holley gave an overview of why the change may be necessary.

Councilmember Judd asked if it is explicitly written in the by-laws that the meeting must occur on a Wednesday. Carol responded no; the by-laws only state the meeting must be held quarterly. Councilmember Judd stated that it is a good idea to leave the specific day of the week pending if scheduling permits moving the meeting day.

No action was taken on this item.

4. Action item: Presentation, discussion, and action pertaining to the Accounts Payable Audit Report:

Carol Holley gave an overview of the Accounts Payable Audit Report.

Councilmember Remley asked if the Accounts Payable Audit Report is done on a regular basis. Carol responded no. She explained that generally, there is an audit of the transactions, not normally their policies and procedures.

Alan Meyer stated that he noticed there was an absence of evidence of receipt. He asked if prior audits of Accounts Payable have indicated the same level of missing receiving reports. Carol responded that prior audits did not look at receiving documents. Councilmember Remley stated that the report indicates that five out of the six departments do not maintain receiving documents. Erick Martin responded that the report does not necessarily mean the departments do not maintain them, only that they are not documented within Munis, the financial system. He further stated that there is documentation that the departments receive, but they are not being attached within Munis itself. He explained that the policy going forward would be to require that receiving documentation be attached in Munis, but ultimately it comes down to when Finance receives the invoice support, it has already been vetted through the department that they have received the goods, and the individual departments are approving those transactions to pay.

Councilmember Remley stated that if there are no receiving documents, there needs to be something on the invoice indicating the items were received and signed by a responsible person. Andrea Davis responded that in Munis when the person submitting the invoice clicks "approve," they are signing it. She stated that the city has an electronic workflow, so departments have no paper copies to initial or sign. She further stated that there are some cases when a paper receiving document is received with the goods, which they are then signed, scanned and submitted with the invoice. Councilmember Remley asked if there is no receiving documentation,

what is done alternatively. Andrea responded that an invoice has been approved for payment, which is someone attesting to the items being received.

Alan stated that he sees the lack of receiving documentation as a weakness that should be improved. Councilmember Judd stated that having a two-person review of the invoice and documentation makes it much more difficult for someone to manipulate the system. Andrea stated that the policy will be rewritten to include that if a receiving document was received, then it needs to be included with the invoice in Munis.

Andrea explained the mailroom receiving process and how goods are distributed to the ordering departments.

Alan Meyer moved to approve the Accounts Payable Audit Report, and Councilmember Judd seconded the motion. Motion carried 5-0.

5. Action item: Presentation, discussion, and action pertaining to the Management of Policies and Procedures Audit Report:

Carol Holley gave an overview of the Management of Policies and Procedures Audit Report.

Alan Meyer asked what recommendations there are to improve compliance of the policies and procedures. Carol Holley responded that the recommendations were to enforce the policies and procedures as they are stated and to hold employees accountable.

Tatiana Young asked if someone in the Human Resource Department keeps track of everyone's training. Tracy Montgomery responded that the training system Target Solutions keeps track, but the issue is that no one goes into the system to review who has completed it.

Andrea Davis, Carol Holley and Councilmember Judd explain how trainings are pushed out to employees and what happens if an employee does not complete them by their due date.

Councilmember Remley asked if the trainings not being completed are part of an employee's personnel file. Carol responded that it is tracked on Target Solutions but that she is unsure if it is included in their personnel file. Tracy stated that many of the issues are that some employees do not work at a desk, are out in the field, and do not check emails often.

Tatiana Young asked if mandatory trainings are not completed within the allotted time frame, are employees still able to log in to the computer. Tracy responded that the trainings are not usually associated with certifications and are more universal.

Alan Meyer moved to approve the Management of Policies and Procedures Audit Report, and Tatiana Young seconded the motion. Motion carried 5-0.

6. Action item: Presentation, discussion, and action pertaining to the Quarterly Audit Recommendation Status Report:

Carol Holley gave an overview of the Quarterly Audit Recommendations Status Report.

Councilmember Remley asked if there are conflicts of interest in Accounts Payable. Erick Martin responded that Finance is currently working to implement changes to identify real conflicts of interest. Councilmember Remley suggested that Finance develop a form for employees to complete where they must list actual and possible conflicts of interest.

Councilmember Judd moved to approve the Quarterly Audit Recommendations Status Report, and Alan Meyer seconded the motion. Motion carried 5-0.

7. Discussion only: Presentation and discussion pertaining to the City Auditor Department Newsletter:

Carol Holley gave an overview of the intent behind the City Auditor Department Newsletter.

Tatiana Young asked who the audience would be for the newsletter. Carol Holley responded that the employees are the targeted audience and that it would be published on the intranet.

Stephen Gaddis stated that annually may not be frequent enough due to important topics that can be listed as reminders to employees. Tatiana asked if Carol would want to publish a newsletter every quarter. Carol responded that she does not want to commit to quarterly at the moment due to being down a staff member. She further stated that she would feel more comfortable committing to publishing a newsletter semi-annually.

OTHER BUSINESS AND FUTURE AGENDA ITEMS

The next Audit Committee Meeting will be held on September 20, 2023, at 3:30 p.m.

EXECUTIVE SESSION

None.

ADJOURNMENT

Alan Meyer moved to adjourn, and Stephen Gaddis seconded the motion. Motion carried 5-0. The meeting was adjourned at 4:39 p.m.

ATTEST:



Tatiana Young, Acting Chair



Jackie Moucheron, Staff Liaison