

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

**Thursday, January 18, 2024 – 3:30 p.m.**

**CALL TO ORDER**

Chair Tatiana Young 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, January 18, 2024.

**ROLL CALL**

Tatiana Young, Chair, Stephen Gaddis, Vice Chair, Councilmember Chris Judd, Councilmember Ken Remley (Telephone), Holly Osborn, Director of Parks and Recreation, Andrea Davis, Chief Financial Officer/Deputy City Manager (Absent).

**PLEDGE OF ALLEGIANCE**

**CURRENT EVENTS AND REPORTS**

None.

**STAFF REPORTS**

None.

**STAFF PRESENT**

Carol Holley, City Auditor, Melissa Moreno, Internal Auditor Sr., Erick Martin, Assistant Director of Finance, Jackie Moucheron, Staff Liaison.

**CALL TO THE PUBLIC**

None.

**REGULAR AGENDA ITEM**

1. **Action item: Consideration and action pertaining to approval of the September 21, 2023, meeting minutes:**

Committee member Stephen Gaddis moved to approve the September 21, 2023, meeting minutes and Councilmember Judd seconded the motion. Motion carried 4-0.

2. **Discussion item: Presentation and discussion pertaining to the FY2022-2023 Annual Comprehensive Financial Report and associated reports:**

Erick Martin did a quick overview and then turned it over to Brittany who is an external auditor. Brittany presented the FY2023-2024 Annual Audit Plan to the committee.

Stephen Gaddis asked what a custodial account is in the report. Erick Martin responded that they are funds that we have fiduciary responsibility for, which can't be spent on general city items, so in this case, it is employee contribution to the health plan. Stephen then wanted to confirm the unrestricted and restricted debt amounts at 6% and 20%. Brittany responded that it has to do with debt limitations, the type of debt being issued, and how much can be issued. The percentages pertain to the assessed value. It's an annual report sent out by the state that gives the net accessible cash value and net assessed value for every municipality and school district in the state. Stephen Gaddis asked what P&S stands for. Erick Martin responded that P&S stands for primary and secondary tax. Stephen Gaddis followed up by asking what the total cost of the audit was. Erick Martin responded that the total cost of the FY2023 audit was \$90,000.

No action was taken on this item.

**3. Discussion item: Presentation and discussion pertaining to the status of the FY2023-2024 Annual Audit Plan:**

Carol Holley discussed the FY2023-2024 Annual Audit Plan with the committee.

Tatiana asked about the employee survey, specifically about the misuse of city assets and how Carol would handle that. Carol responded that they would try to figure out what assets they were talking about and then they would count that into our assessment and see if we could figure out where to go with that.

Stephen asked if she received good suggestions or ideas that would be helpful to her from the employee's response to the survey. Carol responded that they received a few good suggestions, including a good one for internal audit. She stated that many departments don't know what we do and what services we provide. Based on that information, we have to start educating what we are, what we do, how we do it and why we do it.

No action was taken on this item.

**OTHER BUSINESS AND FUTURE AGENDA ITEMS**

Stephen asked how the search for a third member of the Audit Committee was going. Carol responded that she received an email that the clerk's office is in the process of getting together an interview.

Councilmember Remley suggested that internal audit continue doing some random transaction testing that will cover all the city departments. Then, have the external

auditors use that in their audit. Erick Martin responded that he agreed that external auditors can rely on some of the work of internal auditors; unfortunately, they have to do some testing on their own.

The next Audit Committee Meeting will be held on **April 25, 2024**, at 3:00 p.m.

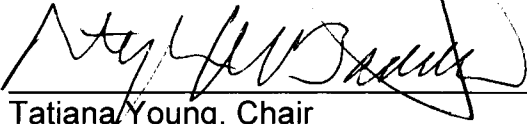
**EXECUTIVE SESSION**


None.

**ADJOURNMENT**

Councilmember Judd moved to adjourn, and Stephen Gaddis seconded the motion. Motion carried 4-0. The meeting was adjourned at 4:20 p.m.

**ATTEST:**

for  \_\_\_\_\_  
 Tatiana Young, Chair

 \_\_\_\_\_  
 Jackie Moucheron, Staff Liaison

for 