

### AUDIT, FINANCE & ENTERPRISE COMMITTEE MINUTES

June 29, 2023

The Audit, Finance & Enterprise Committee of the City of Mesa met in the lower-level meeting room of the Council Chambers, 57 East 1st Street, on June 29, 2023, at 8:36 a.m.

COMMITTEE PRESENT COMMITTEE ABSENT STAFF PRESENT

Jennifer Duff, Chairperson Francisco Heredia Mark Freeman None

Mike Kennington Holly Moseley Bill Taebel

Chairperson Duff conducted a roll call.

### 1. Items from citizens present.

There were no items from citizens present.

### 2-a. Hear a presentation and discuss the following audits:

- 1. Cash Handling (Citywide)
- 2. Parts Management Follow-up Review (Fleet Services)
- 3. Falcon Field Leases Follow-up Review (Falcon Field Airport)
- 4. Employee Benefits Claims Administration Contract Follow-up Review (Human Resources)
- 5. Mesa Convention Center 2nd Follow-up Review (Parks, Recreation and Community Facilities)

City Auditor Joseph Lisitano displayed a PowerPoint presentation. (See Attachment 1)

Mr. Lisitano reviewed the annual audit of cash handling, change funds and petty cash. He indicated that effective processes were found to be in place to safeguard cash. (See Pages 3 through 5 of Attachment 1)

Mr. Lisitano gave an overview of the findings from the four follow-up audits performed over the last year. He reported that all recommendations have been implemented. (See Pages 4 through 15 of Attachment 1)

2-b. Hear a presentation, discuss, and provide recommendation on the proposed Audit Plan for FY 2023/2024.

City Auditor Joseph Lisitano displayed a PowerPoint presentation. (See Attachment 2)

Mr. Lisitano presented the proposed FY 2024 Audit Plan. He reviewed the current work in progress, and outlined the audits, follow-up reviews, and other activities planned for FY 2024. (See Pages 2 through 7 of Attachment 1)

### 3. Adjournment.

Without objection, the Audit, Finance & Enterprise Committee meeting adjourned at 9:07 a.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Audit, Finance & Enterprise Committee meeting of the City of Mesa, Arizona, held on the 29<sup>th</sup> day of June 2023. I further certify that the meeting was duly called and held and that a quorum was present.

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sr (Attachments – 2)

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City Auditor

Presentation to the Audit, Finance and Enterprise Committee Joseph Lisitano, City Auditor June 29, 2023



Fleet Services — Parts Management Follow-up Review

# Reports Issued March-June 2023









PRCF — Mesa Convention Center 2nd Follow-up Review

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## Citywide Cash Handling

Report Date: 6/30/2023

Annual report on citywide audits of cash handling, change funds, and petty cash.

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### wide Cash Handling

### What did we audit and why?

Throughout the year, we verify:

- Compliance with City policies and procedures.
- Petty cash and change fund balances

### Goals:

- Early detection to avoid significant issues.
- Deterrence and consistent enforcement of compliance.
- when possible Relationships — answer questions/concerns; offer help

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## wide Cash Handling

### What did we find?

No material discrepancies in fund balances.

Minimal issues related to cash handling training.

Overall, effective processes in place to safeguard cash.

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## Fleet Services – Parts Management Follow-up Review

Report Date: 3/22/2023

A follow-up review to ensure action plans were successfully implemented.

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# Services – Parts Management Follow-up Review

### What did we find?

Status of recommendations from November 2021 report:

- Enforce written policies and procedures by performing:
- Perpetual inventory counts at least three times per
- Count verifications when pulling items from the shelf.
- Random spot checks
- Observations of consignment counts performed by vendor representatives.
- Modify its existing written policies to reflect a more inventory control methods should be performed. appropriate and reasonable frequency for when

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# Services – Parts Management Follow-up Review

### What did we find?

Status of recommendations from November 2021 report:

Restrict physical access, including the distribution of specialists and other personnel deemed necessary, keys, to the parts warehouse facilities to only parts

such as management

Develop and implement policies and procedures to address physical security measures for the parts

warehouse facilities

- Process for granting and revoking badge and key
- Periodically reviewing employee access rights to warehouse facilities.
- Periodically reviewing security footage and access reports to monitor for suspicious or unauthorized activity.



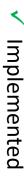
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# t Services – Parts Management Follow-up Review

### What did we find?

Status of recommendations from November 2021 report:

- Ensure compliance with COM Management frequency of evaluation and disposal of inactive to identify and evaluate inactive parts and the inactive and obsolete inventory, including a process policies and procedures to address disposal of Procedures policy by developing and implementing
- Maintain documentation to support benchmark operations criteria used to measure the efficiency of its



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## Falcon Field – Lease Payments Follow-up Review

Report Date: 4/4/2023

A follow-up review to ensure the action plan was successfully implemented.

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# n Field – Lease Payments Follow-up Review

### What did we find?

Status of recommendation from February 2022 report:

- Develop and implement written policies and procedures for reconciling its lease revenue, including:
- Performing monthly cash activity reconciliations
- Reviewing payment data reports for credit card payments processed online or through Business Services.
- Retaining documentation of monthly reconciliations.
- Periodically reviewing monthly cash activity reconciliations for accuracy and completeness.



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## dministration Contract Follow-up Review HR/ Employee Benefits – Claims

Report Date: 5/8/2023

## A follow-up review to ensure action plans were successfully implemented.

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# **Senefits – Claims Administration Contract Follow-up Review**

### What did we find?

Status of recommendations from February 2020 report:

- Benefits staff should routinely test processed claims for accuracy and compliance with the City's plan.
- An independent audit should be performed to ensure the City's plan. claims are processed accurately and in compliance with
- When negotiating a new contract or contract renewals, appropriately and effectively audit the services provided. the audit provisions should be revised to allow the City to
- Benefits should verify the accuracy of performance results ensure expectations are being met. reported by Cigna or implement compensating controls to

### Implemented

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## PRCF — Mesa Convention Center 2<sup>nd</sup> Follow-up Review

Report Date: 5/2/2023

A follow-up review to ensure action plans were successfully implemented.

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# Mesa Convention Center 2<sup>nd</sup> Follow-up Review

### What did we find?

review: Status of recommendations from June 2022 follow-up

PRCF Finance staff should implement a process which consistently and accurately. ensure that accounting methods are applied period after it is earned. This process should also ensures revenue is recognized within one accounting



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## Questions?

Presentation to the Audit, Finance and Enterprise Committee Joseph Lisitano, City Auditor June 29, 2023

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### Proposed FY 2024 Audit Plan City Auditor



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Audits planned for FY 2024

Other activities Follow-up reviews due in FY 2024



### Audit, Finance and **Enterprise Committee** June 29, 2023 Attachment 2 Page 3 of 8 ent Work in Progress

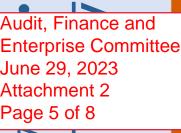
### (C) Case Management

- DolT Cybersecurity
- DolT Remote Access
- Citywide Take Home Vehicles
- Citywide Special Pay Programs

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# its Planned for FY 2024

- \*Citywide Intergovernmental Agreements Cost Recovery
- \*Human Resources Hiring & Recruitment Practices
- Financial Services/Engineering CFD Reimbursements
- Engineering ASU Facilities Post-Construction
- Arts & Culture MAC Revenues



## ts Planned for FY 2024

Attorney – VOCA Program

- City Clerk Public Records Requests
- Police Department Mental Health Services Team
- Water Resources Annual Ordering and Reporting

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## pw-up Reviews

- DoIT Software/Application Management
- PRCF Mesa Tennis & Pickleball Center Revenues
- Police Badging/Security Access
- Police Property & Evidence
- Transportation Street Maintenance

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### Enterprise C June 29, 20 Attachment Page 7 of 8

- Citywide Cash Handling Audits (move to biannual cycle)
- **Annual Credit Card Security Review**
- Fraud & Ethics Hotline Investigations
- Consulting (limited reviews, other projects, etc.)
- Unscheduled Audits (if requested by City Manager or City

Council)

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# Juestions or changes