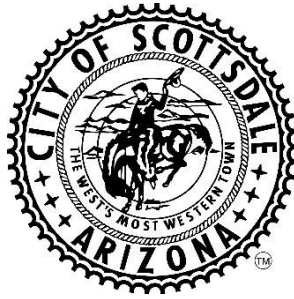


APPROVED ON 11/14/2022



**CITY OF SCOTTSDALE
AUDIT COMMITTEE
REGULAR MEETING MINUTES**

**7506 E. Indian School Road
Community Design Studio
Scottsdale, Arizona 85251**

Monday, September 19, 2022

PRESENT: Kathy Littlefield, Chair
Tom Durham, Vice Mayor (arrived at 4:09 pm)
Solange Whitehead, Councilwoman

STAFF: Sharron Walker, City Auditor
Lai Cluff, Senior Auditor
Brad Hubert, Senior Auditor
Shelby Trimaloff, Exec. Asst. to City Auditor
Jim Thompson, City Manager (telephonic)
Greg Bestgen, Human Services Director
Neal Shearer, Human Services Commission Chair
Autumn Asmus, Human Resources Management Analyst
Sonia Andrews, City Treasurer
Robert Schoepe, Purchasing Director
Lynn Gustafson, Purchasing Supervisor
Bill Murphy, Assistant City Manager
Nick Molinari, Parks and Recreation Director
Stephanie Tippett, Parks and Recreation Manager

CALL TO ORDER

The meeting was called to order at 4:03 p.m. A formal roll call confirmed the presence of the Committee Members as noted above.

PUBLIC COMMENT

No comments were submitted.

REGULAR AGENDA

1. Approval of Minutes, Regular Meeting, June 27, 2022

Chair Littlefield called for approval of the minutes.

COUNCILWOMAN WHITEHEAD MOVED TO APPROVE THE MINUTES OF THE JUNE 27, 2022 REGULAR MEETING AS PRESENTED. CHAIR LITTLEFIELD SECONDED THE MOTION, WHICH CARRIED 2-0 WITH CHAIR LITTLEFIELD AND COUNCILWOMAN WHITEHEAD VOTING IN THE AFFIRMATIVE. VICE MAYOR DURHAM NOT YET PRESENT.

2. Discussion and possible direction to staff regarding Human Services Commission Sunset Review

Brad Hubert, Senior Auditor, reviewed the Commission's purposes to advise City Council on improving the City's existing human services; planning and development of human services to address citizen needs; coordinating private agencies, City services and other governmental agencies delivering human services in Scottsdale; provide opportunities for citizen involvement and participation in the City's human services programs and activities; and other human services issues and matters as the Council may direct.

Commission Chair Neal Shearer and Greg Bestgen, Human Services Director, were present to answer questions. Mr. Shearer provided a brief overview the Commission's tasks and activities.

Vice Mayor Durham arrived at 4:09 p.m.

Mr. Bestgen discussed the Housing Choice Voucher Program and HUD's recommendation that Scottsdale form a Housing Advisory Board, which will be adjunct to the Commission's duties. The Board will include representation from people on the Housing Choice Voucher Program.

Councilwoman Whitehead inquired about the Scottsdale CARES funding. Mr. Bestgen stated that funding has increased in the last couple of years, at approximately \$150,000. Councilwoman Whitehead stated that she would like more information regarding ways to donate, as she is often asked by residents about ways to contribute.

COUNCILWOMAN WHITEHEAD MOVED TO RECOMMEND TO THE CITY COUNCIL TO CONTINUE THE HUMAN SERVICES COMMISSION. CHAIR LITTLEFIELD SECONDED THE MOTION, WHICH CARRIED 3-0 WITH CHAIR LITTLEFIELD, VICE MAYOR DURHAM AND COUNCILWOMAN WHITEHEAD VOTING IN THE AFFIRMATIVE.

3. Discussion and possible direction to staff regarding Judicial Appointments Advisory Board Sunset Review

Brad Hubert, Senior Auditor, provided an overview of the Board's purpose to recommend to the City Council the best qualified individuals to become full-time City judges, to evaluate the performance of incumbent full-time City judges, and to advise the City Council about retaining them in office. Autumn Asmus was present as the Board's staff representative.

COUNCILWOMAN WHITEHEAD MOVED TO RECOMMEND TO CITY COUNCIL TO CONTINUE THE JUDICIAL APPOINTMENTS ADVISORY BOARD. VICE MAYOR DURHAM SECONDED THE MOTION, WHICH CARRIED 3-0 WITH CHAIR LITTLEFIELD, VICE MAYOR DURHAM AND COUNCILWOMAN WHITEHEAD VOTING IN THE AFFIRMATIVE.

4. Discussion and possible direction to staff regarding Audit No. 2205, Purchasing Card Controls

- Lai Cluff, Senior Auditor, stated that the audit objective was to review access and supervisory controls over and use of the City's purchasing cards, including the transition to the new system. The audit reviewed purchasing card transactions between June 2020 and March 2022. The findings were that purchasing card documentation requirements need to be enforced and monitoring practices can be strengthened. A significant number of cardholders had not submitted supporting documentation for purchases made over the past two years. Looking at transactions in the new P-card system, starting in June 2020 through March 2022, the audit identified 309 monthly statement logs that were missing from Document Management as of the end of May. Logs include monthly expense reports and the supporting receipts and invoices. Based on the potential fraud risk represented by missing documents, each cardholder and their supervisor were emailed a request for the missing logs. Of the 309 missing from DM, 56 were still not submitted following the audit request.
- 20 percent of the 253 reviewed had not been signed by the cardholder's supervisor to affirm that they had reviewed the expense report and supporting receipts and invoices.
- Another 52 percent were signed by the supervisor in June or July 2022, when they were submitted for this audit.
- Overall, about 23 percent of invoices or receipts were missing.

Even though some cardholders had multiple logs that were late or missing, with four cardholders missing 12 or 13 logs each, non-compliance procedures had not been escalated to card suspension or cancellation. We also recommended improvements to the program administrator's monthly tracking procedures, including automating certain processes, such as verifying which cardholders had monthly charges.

Additionally, clarifications to closeout procedures were recommended, such as notifying the program administrator when a cardholder transfers to another city department so that there is prompt card deactivation. Also, adding the requirement to collect all P-card documentation when a cardholder leaves or transfers. In many of the cases where

documentation could not be obtained, the employee had separated or transferred. Processes for monitoring training completion and reviewing cards with little or no usage were also recommended.

Robert Schoepe, Purchasing Director, expressed a commitment to following through with the proposed resolutions by December 2022. The audit provided significant details and information that will assist with the process. Immediate actions have already been taken, with 93 percent of findings already being addressed. He provided an overview of some of the action plans and approaches being taken.

In response to a question from Vice Mayor Durham, Mr. Schoepe gave a brief overview of the three strikes policy and the clarifications that would be added.

Chair Littlefield acknowledged the changes in process. She stressed the importance of tracking and submitting receipts. A return of cards should be included as a component of any final meeting when an employee leaves employment.

COUNCILWOMAN WHITEHEAD MOVED TO ACCEPT AUDIT NO. 2205, PURCHASING CARD CONTROLS, AS SUBMITTED. VICE MAYOR DURHAM SECONDED THE MOTION, WHICH CARRIED 3-0 WITH CHAIR LITTLEFIELD, VICE MAYOR DURHAM AND COUNCILWOMAN WHITEHEAD VOTING IN THE AFFIRMATIVE.

5. Discussion regarding audit follow up status update on Audit No. 2208, Parks and Recreation Resource Management

Bill Murphy, Assistant City Manager, stated that Nick Molinari would present their follow up to the actions that were requested previously. Nick Molinari, Parks and Recreation Director, stated the Parks and Recreation department has been able to achieve several of the recommendations made in the audit. The recent developments related to sports fields and the system-based recommendations for the more effectively using the reservation system. Mr. Molinari discussed updates to the website reservation system, including adding a comprehensive list of all the sports fields available for reservation through the city. Also, a process review team is evaluating the youth sports field allocation policy, which is the guiding document for sports field reservations. With the goal to prioritize organizations that serve the highest percentage of Scottsdale residents, this review is still in process. Other recommendations will take more time to address, including costs and fees being fully burdened direct and indirect costs. He gave the example of staff that maintain sports fields also maintain other things, so that's a fairly comprehensive task but they are working on it.

Chair Littlefield asked if the Audit Committee members had any questions.

Councilwoman Whitehead addressed the importance of the audit findings, particularly in conjunction with the Department's mission statement, which is to deliver exceptional programs and services to enhance the quality of life for everyone. She has really focused on the word "everyone." During the sustainability open houses, citizens continue to identify open space and trees as top priorities. Also, the General Plan approved by the voters addresses the need for open space. And the funding for parks and land is majority from the public. So, while renting the fields is important, she would like to see the youth field, aquatic facility, and sports complex allocation priorities specifically include public access.

Councilwoman Whitehead asked about website modification progress, such as showing field availability. Stephanie Tippett, Parks and Recreation Manager, stated that field availability has been added as a link on both the sports field reservation office and the sports complex. Councilwoman Whitehead asked if the sports complex fields are available for drop-in use when not reserved. Mr. Murphy responded that if the fields are not reserved, drop-in use can occur. But there is also open space adjacent to the fields, with goals, available for drop-ins.

Councilwoman Whitehead noted that the audit states of the 109 fields managed by the Department, only 20 soccer fields are available for public drop-in use. She would like to see that number increased to 109. Field rental buys the renter a reservation only for that rental time and should not exclude drop-in use during all other times. Mr. Murphy stated that some fields are only available at certain times of the day. There is no access to school fields until late afternoon, and other facilities have similar time restrictions in that there are not many drop-ins during the middle of the week.

Mr. Hubert confirmed that within the audit, the total count of 109 fields does include school fields, and the 20 that is referenced would be the number of fields that are not fenced. Councilwoman Whitehead stressed the importance of providing wide access of available fields to the public.

Ms. Walker referenced the report table that analyzed overall use rates. The data that the audit team had to work with was not great. To the extent that the system is capturing more information and more accurately, this will be recalculated and analyzed in the audit follow ups that will occur over the next few months. Councilwoman Whitehead suggested separation of the school fields in the analysis, so the data is there on how to maximize public availability.

Councilwoman Whitehead referred to page 12 and noted lengthy field closures as an area of concern. It may be helpful to set up guidelines to minimize the closures and their impacts to the public. Mr. Murphy noted that one of the things Ms. Tippett was referring to was having the website show when fields are blocked out for maintenance or scheduled events to assist the public in determining availability. And with the additional fields being built at WestWorld right now and those at 94th and Bell, their plan is to have more fields open for use. Councilwoman Whitehead stated that not only should availability be posted on the website, but the department should also have strategies to minimize times for maintenance and periods of inaccessibility. Mr. Molinari commented that growing grass is essential for sports fields, and some have been overused, including by organizations serving a high number of Scottsdale residents. He stated the department staff is trying to meet field requests while having windows to grow grass and allow field rest and recovery. Their goal is to do field maintenance during school times when there is low utilization.

Councilwoman Whitehead asked if fees always come through the Council because the fencing around El Dorado was not something that came to the Council. Mr. Murphy responded that the simple argument for fencing is to keep the balls within the space. He added that the Bell and 94th complex is open and people are using it. The WestWorld fields will be the same setup, and with Sports Complex, people can drop in. Councilwoman Whitehead commented that she was at the new complex at 6:30 one morning and it was amazing to see so many people doing so many things.

Mr. Molinari commented that clarification of what is meant by public access would be helpful as he thinks all city fields are 100% available. Chair Littlefield commented that complaints by citizens regarding field access has decreased, which is a result of the department's efforts. She agreed with Councilwoman Whitehead that the primary reason the city has fields, parks and open areas is for our citizens. The availability of these fields should be among the biggest concerns when we plan out their use. Mr. Molinari commented that one of the biggest challenges the department is working on is restructuring the youth sports field allocation policy, which has been in place since 2013. The department has partner organizations that have been with them forever and restructuring the goal to prioritize youth sports organizations that serve 85% or 90% Scottsdale residents will be challenging. Councilwoman Whitehead commented that we do want teams to use the fields. Then, she referenced the departmental allocation priorities listed in the audit report including those on page 6, figure 2, "Youth aquatic facility allocation priorities," and noted she was directing her next comments to City Manager Jim Thompson. Councilwoman Whitehead read the listed priorities into the record: Priority 1 City uses, maintenance needs, public safety, and city programs, which may be free or maybe not. Then intergovernmental agreements, which is organized activities, Scottsdale high school and middle school swim programs. Priority 4, partner groups, which could be a private coach renting a lane or the organized groups. Priority 5 is contracts, such as a private swim coach. Priority 6, all other requests. She noted that kids in the neighborhood are not in any of the above. What she wants very specifically to be Priority 2 is public access Then on page 7, the youth sports field allocation priorities do not encompass three kids getting together out there. And page 8, is the same. Though 70 percent of funding comes from the general public rather than from field rental revenues, teams get first priority. Councilwoman Whitehead stated she feels strongly that public access should be added to all these priority lists.

Vice Mayor Durham asked if public access will come through all these listed priorities. Councilwoman Whitehead responded that all the listings target organized groups of some sort, and most people are not part of an organized group. So just having space for kids to get together and play should be a priority. She acknowledged that sports team would get reservations but when the teams have gone, kids should be able to play on the fields.

Mr. Murphy commented that the sports complexes were approved by Scottsdale voters as tournament quality fields in the language of Bond 2000 and Bond 2019. There is open space at those facilities for someone to come in to play a pick-up game. And the pools are available all day, but they are busy with high school team use after 3 pm. Mr. Murphy thinks the aquatic policy is fine and they will be adjusting some of the content in the youth sports field policy. Part of it is outreach with all the groups, which may take a full year to alleviate the emails that will come in.

Councilwoman Whitehead commented that she would like to have as a recommendation from the Audit Committee that the policy should state that public access, nonorganized public access, is a priority. Vice Mayor Durham stated he has no disagreement that it is a priority but does not want to state it is priority 2 or other specific number. Chair Littlefield noted she is very familiar with how team sports work and their need for set times. But anytime teams are not scheduled, the fields should be open for public access. That could be better delineated, and Councilwoman Whitehead is correct that it is not mentioned. We could say when fields are available, they have public access. Chair Littlefield also commented that this item is on the agenda as a discussion item rather than for action. She

added that when the fields or pools are open and available, that should be clearly indicated on the website.

Vice Mayor Durham suggested that a statement or principal could be added at the beginning that we built these facilities for the benefit of everyone in Scottsdale and they are there for public use. When not scheduled or reserved, they would be available for use by the general public. Jim Thompson, City Manager, added that this can be added at the onset to make it clear along with the policy changes that are due to be updated. We need to have the tools ready to minimize some of the conflicts that may transpire. The events are growing and that causes field closures and repair after. And there's an expectation in the community of the quality and level of fields that we have versus others. This is complex and we do not want to create more problems for ourselves instead of fixing the problem we have. He stated that he has a clear understanding of what the Committee members desire to achieve.

6. City Auditor updates, including status of FY 2022/23 Audit Plan

Ms. Walker stated that staff is on schedule with the audit plan. A current vacancy in the department should be filled in early October. An additional vacancy in the department will be recruited for in the next month or two.

7. Discussion and possible direction to staff regarding potential items for next Audit Committee meeting

Ms. Walker stated the next meeting will be held on Monday, November 14th, 2022, so that the financial audit can be presented and then go to the City Council in December. There is a City Council meeting this same day, so the Audit Committee meeting will need to be earlier than usual. She explained the meeting will need to be at 1 pm if held in the City Hall Kiva Conference Room or can be at 2 pm if a conference room in One Civic Center is used instead. After discussion, the meeting will be held in the One Civic Center room at 2 pm.

Adjournment

With no further business to discuss, being duly moved by Councilwoman Whitehead and seconded by Vice Mayor Durham, the meeting adjourned at 5:29 p.m.

SUBMITTED BY:

eScribers, LLC