

APPROVED ON 05/20/2024



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

**City Hall Kiva Conference Room
3939 N. Drinkwater Boulevard
Scottsdale, AZ 85251**

Monday, February 26, 2024

PRESENT: Councilwoman Kathy Littlefield, Chair
Councilmember Barry Graham
Vice Mayor Solange Whitehead

STAFF: Lai Cluff, Acting City Auditor
Travis Attkisson, Senior Auditor
Shelby Trimaloff, Executive Assistant to City Auditor
Brad Carr, Planning and Development Area Manager
Tim Curtis, Current Planning Director

GUESTS: Brittney Williams, Audit Partner, Heinfeld Meech

CALL TO ORDER/ROLL CALL

The meeting was called to order at 4:05 p.m. A formal roll call confirmed the presence of Committee Members as noted above.

PUBLIC COMMENT

Ms. Cluff stated a request to speak on agenda Item #5 was received.

REGULAR AGENDA

1. Approval of Minutes, Regular Meeting — November 13, 2023

Chair Littlefield called for approval of the minutes.

VICE MAYOR WHITEHEAD MOVED TO APPROVE THE REGULAR MEETING MINUTES OF NOVEMBER 13, 2023. COUNCILMEMBER GRAHAM SECONDED THE MOTION, WHICH CARRIED 3-0 WITH CHAIR LITTLEFIELD, COUNCILMEMBER GRAHAM AND VICE MAYOR WHITEHEAD VOTING IN THE AFFIRMATIVE.

2. Discussion and Possible Action Regarding the Development Review Board Sunset Review

Travis Attkisson, Senior Auditor, provided an overview of the purpose of the Development Review Board (DRB). Annual reports have been provided for calendar years 2020 through 2022. The Audit Committee has been asked to evaluate whether the Board is serving its intended purpose and make a recommendation to the City Council whether to continue, modify, or terminate the Development Review Board.

In response to a question from Councilmember Graham about how well the Board is functioning and whether it is serving its intended purpose, Brad Carr, Planning and Development Manager, responded that the current process is well established, functions well, and upholds the City's high standards for design that a lot of communities in the Valley do not have. He explained that the process wherein a project would go to the DRB and City Council and then back to the DRB, refers to the zoning process. He said that, ultimately, having a design review brings a higher level of design to projects, but it is also dependent upon having seasoned professionals appointed to the board. He encouraged City Council to maintain diligence in choosing great leaders for the DRB. Vice Mayor Whitehead added that the DRB is an extra layer to the design process, and she agreed that it is important that City Council appoint the right people.

VICE MAYOR WHITEHEAD MOVED TO RECOMMEND TO CITY COUNCIL TO CONTINUE THE DEVELOPMENT REVIEW BOARD. CHAIR LITTLEFIELD SECONDED THE MOTION, WHICH CARRIED 3-0 WITH CHAIR LITTLEFIELD, COUNCILMEMBER GRAHAM AND VICE MAYOR WHITEHEAD VOTING IN THE AFFIRMATIVE.

3. Discussion and Possible Action Regarding the Planning Commission Sunset Review

Mr. Attkisson provided an overview of the purpose of the Planning Commission. Annual reports have been provided for calendar years 2020 through 2022. The Audit Committee has been asked to evaluate whether the Commission is serving its intended purpose and make a recommendation to the City Council whether to continue, modify, or terminate the Planning Commission.

In response to a question posed by Councilmember Graham about state law requirements for the commission, Tim Curtis, Current Planning Director, confirmed that state law does call for a planning commission for a city of Scottsdale's size. He said that the Commission's workload varies but has been manageable. Commissioners ask questions of staff in advance and come prepared for the meetings. Mr. Curtis said that as the city grows in population and potential infill development, things may change, but for now, it is manageable.

COUNCILMEMBER GRAHAM MOVED TO RECOMMEND TO CITY COUNCIL TO CONTINUE THE PLANNING COMMISSION. VICE MAYOR WHITEHEAD SECONDED THE MOTION, WHICH CARRIED THREE 3-0 WITH CHAIR LITTLEFIELD, COUNCILMEMBER GRAHAM AND VICE MAYOR WHITEHEAD VOTING IN THE AFFIRMATIVE.

4. Presentation and Discussion Regarding FY 2022–23 Annual Expenditure Limitation Report

Lai Cluff, Acting City Auditor, stated that the Independent Accountant’s Report for the Fiscal Year 2022/23 Annual Expenditure Limitation Report was completed in February 2024 by Heinfeld Meech, the City’s financial audit firm. The report is required to be filed with the state Auditor General’s office. As required, the report has been posted on the City’s website and will be posted on the audit reports webpage.

Brittney Williams, Audit Partner from Heinfeld Meech, explained the annual expenditure limitation, noting detailed information can be referenced on the Arizona Auditor General website and that the City was well within the expenditure limit. Councilmember Graham noted that the City Treasurer is asking to increase the City’s annual expenditure limit and asked Ms. Williams for clarification on the City’s status. Ms. Williams said that the state-established expenditure limitation is \$542.5 million, and the City of Scottsdale is at \$511.2 million, which leaves \$31.3 million. This is within the expenditure limitation but it could be a prudent action to ask voters for an increase in the expenditure limitation. In response to a question from Councilmember Graham, Ms. Williams said that she would be happy to speak further with the City Treasurer. Vice Mayor Whitehead clarified that the purpose of the report is to make sure the City of Scottsdale is not violating any of the rules associated with the expenditure limit, and she does not see it necessary for the outside auditor to be involved in choosing what is appropriate for an expenditure limit.

5. Presentation and Discussion regarding the 2nd Quarter FY 2023–24 Follow Up on Status of Audit Recommendations

Ms. Cluff provided a brief update on the implementation of audit recommendations. For the second quarter, they followed up on nine audits which were issued between March 2021 and November 2023. Two audits have been slow to implement recommendations, including the Fire Station Construction Contracts audit. They will provide an update on their progress at the next meeting. Regarding Crime Reporting Statistics audit, the department is working through the implementation of their new report management system and getting certified with DPS, so the recommendations should be addressed fairly soon after that process is completed. WestWorld is recruiting a general manager; however, they have moved under the Parks and Recreation Department, and the assistant executive director is also working to address the recommendations. The Emergency Management Services’ interim manager is also making progress through their recommendations. Ms. Cluff reviewed the new dashboard that has been implemented for audit recommendations. She highlighted features, noting that departments provide updates about their status through the portal and the public can view the history of recommendations. The existing quarterly and annual reports will still

be available, but the public dashboard will make it easier to find information on specific audits. Councilmember Graham stressed the importance of promoting the dashboard so the public is aware that it is now available.

Public comment:

Sonnie Kirtley, Executive Director of the Coalition of Greater Scottsdale, expressed concerns about departments following up with the audit recommendations, how progress towards implementation is defined, and following through with enforcement when implementation does not happen. Discussion ensued regarding the process for employees turning in purchasing cards and other materials once they change departments or are no longer employed by the City; benefits of making access to audit reports more accessible to citizens; concern about media shaming departments based on audit report details; roadblocks to departments implementing recommendations in a timely manner; and enforcement procedures. Ms. Cluff explained that follow-ups begin six months after the audit is issued and they do quarterly follow-ups thereafter. Another feature being added is classifying recommendations by priority. This will be incorporated into audit recommendations going forward. In terms of deadlines, the departments self-assess when they can complete an item, and these are often based on circumstances.

6. Information and Discussion Regarding City Auditor Updates, including Status of FY 2023–24 Audit Plan

Ms. Cluff provided a listing of the audit plan, highlighting the in-progress audits, which are nearing completion. She said that the department recently initiated an IT audit on identity and access management.

7. Discussion on Possible Items for Next Meeting

Ms. Cluff stated that the next meeting is expected to be on April 15, 2024. In addition to the audits reviewed in the status update that will be completed by then, agenda items could include the Neighborhood Advisory Committee Sunset Review, and an update from Capital Projects on the status of audit recommendations for Audit 2107, Fire Station Construction Contacts. Councilmember Graham commented that he would like an update on how we are promoting the new audit recommendations dashboard.

Adjournment

With no further business to discuss, being duly moved by Councilmember Graham and seconded by Vice Mayor Whitehead, the meeting adjourned at 4:56 p.m.

SUBMITTED BY:

eScribers, LLC.