

City Auditor

Audit, Finance, and Enterprise Committee

January 11, 2018





Audit Reports

1. Cash Funds – FY 2017 Annual Report
2. Contract Monitoring – Mesa Arts Center
3. Contract Monitoring – Community Services Dept.
4. Follow-up Review – Water Resources Asset Mgmt.
5. Follow-up Review – Communications Inventory



Cash Funds – FY 2017 Annual Report

Report Date: 7/31/2017



Cash Funds

Why we continuously audit cash funds:

- Errors/irregularities – detect & address in a timely manner to reduce losses.
- Consistency – reinforce policies & procedures.
- Build productive relationships – answer staff questions & concerns; and offer assistance when possible.

Cash Funds

Observations:

- Overall, effective processes are in place to protect cash.
- Minor opportunities for improvement:
 - Check handling
 - Reconciliations
 - Transport procedures

Cash Funds

Follow-up from prior report:

- Recommended 2 policy revisions.
- Partially implemented – 1 policy was amended.



Contract Monitoring **Mesa Arts Center (MAC)**

Report Date: 9/12/2017



Contract Monitoring – MAC

Observations:

- Effective processes are in place to protect the City.
- Minor opportunities for improvement:
 - Ensure contracts say what we mean to say – if not, either amend or re-bid.
 - Pay the contracted rate – no more/no less.
 - Ensure staff have direct access to contract documents.



Contract Monitoring **Community Services Dept. (CSD)**

Report Date: 8/2/2017



Contract Monitoring – CSD

Contracts reviewed: West Mesa CDC

- \$90,000 (CDBG) Economic Development Activities – Technical assistance to small businesses to create LMI jobs.
- \$10,000 (General Fund) Neighborhood Outreach – Training and neighborhood events, i.e. renter education, HOA academy, neighborhood forum.



Contract Monitoring – CSD

Finding #1: (Economic Development Contract)

- Claim reimbursement monitoring did not detect and/or address compliance deficiencies prior to payment.
 - Documents did not provide evidence of compliance.
 - Documents were not critically evaluated by staff.



Contract Monitoring – CSD

Recommendations:

1. Use HUD-provided tools to improve monitoring processes.
2. Don't accept attestations of compliance – require evidence.
3. Critically evaluate evidence for sufficiency.
4. Understand all applicable regulations.
5. Prioritize staff assignments/resources based on risk.
6. Develop procedures for tracking/resolving findings.



Contract Monitoring – CSD

Finding #2: (Neighborhood Outreach contract)

- Staff were not aware of contract terms.
- Payments were issued without verifying deliverables.

Recommendations:

1. Staff should understand all contract terms.
2. Payment should only be made after terms are met.



Follow-up Review

Water Resources Asset Management



Follow-up Review – Water Resources **Asset Management**

Recommendations:

1. Formalize an asset life-cycle management program policy.
2. Periodically assess critical assets and use this information in a structured planning process.
3. Develop risk assessment process to help prioritize CIP.
4. Assign plant staff to Asset Management Project Advisory Committee.



Follow-up Review – Water Resources **Asset Management**

Results:

All corrective action plans associated with the audit have been successfully implemented or are on track to finish by revised estimated completion dates.



Follow-up Review

Communications Inventory Management



Follow-up Review – Communications **Inventory Management**

Recommendations:

1. Identify and dispose of obsolete items.
2. Review and update written policies and procedures.
3. Document chain of custody in and out of the warehouse.
4. Maintain accurate status and location data for assets.
5. Comply with records retention policies.



Follow-up Review – Communications **Inventory Management**

Results:

All corrective action plans associated with the audit have been successfully implemented.

Questions?

