

City Auditor

Presentation to the Audit, Finance, and Enterprise Committee
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Reports Issued Jul-Dec 2019



Annual Credit Card Security Review – FY 2019



PRCF – Convention Center & Amphitheatre Revenues



Follow-up Review – i.d.e.a. Museum – Earned Revenues



Follow-up Review – Eastmark CFD

Annual Credit Card Security Review

Report Date: 08/29/2019

A citywide review of operational compliance
with Payment Card Industry
Data Security Standards (PCI DSS).

Annual Credit Card Security Review

What is
PCI DSS?

Why do we
audit this
every year?

- Payment Card Industry Data Security Standard.
- A comprehensive system of operational and technological controls designed to protect cardholder data.
- Applies to any organization that accepts, transmits, or stores any cardholder data.
- Annual assessments are required.
- Compliance is a constant challenge, due to staff turnover and evolving requirements.

Annual Credit Card Security Review

What did
we audit?

Compliance with operational requirements:

- Screening and training all employees and volunteers who handle credit cards.
- Maintaining and enforcing PCI DSS compliant policies and procedures at all acceptance sites.
- Mitigating risks related to contracted third-party payment processing service providers.
- Remediating non-compliance when found.

Annual Credit Card Security Review

Follow-up:
What did
we find?

✓ Implemented

Last year's recommendations were successfully implemented:

- ✓ Track/inspect devices. (A&C, Court, MFMD, PRCF)
- ✓ Ensure new contracts are PCI compliant and monitored. (Purchasing)
- ✓ Amend non-compliant contracts. (A&C, MFMD)
- ✓ Require new acceptance sites to have procedures approved before operating. (Finance)
- ✓ Develop procedures and submit for approval. (MFMD)
- ✓ Do not store CVV codes. (PRCF)

Annual Credit Card Security Review

This year:
What did
we find/
recommend?

This year's review found:

1. Training was not always timely.

- Recommended reminders from Financial Services and improved departmental procedures to ensure training happens in a timely manner.

2. Records were not destroyed on schedule.

- Recommended destruction of old records and improved internal controls to ensure future compliance.

Annual Credit Card Security Review

What did
we find/
recommend?

3. Cardholder data was accepted via unsecured emails and faxes.
 - Recommended using only secured methods; and training staff to communicate this to customers.
4. Non-compliant contract with a payment processor.
 - Recommended using existing City contracts. If they don't meet the need, consult with Purchasing before engaging a new provider.

Annual Credit Card Security Review

Response & Planned Follow-up

- Management from each of the departments involved agreed with the recommendations and will implement the changes. Many have already been completed.
- We will communicate with the departments throughout the year to help ensure successful implementation and continued compliance.
- We will follow-up at the next annual review.

Mesa Convention Center And Amphitheatre

Report Date: 11/26/2019

An audit of internal controls
over financial operations

Mesa Convention Center & Amphitheatre

What did we audit and why?

- Reviewed policies and procedures to identify process controls; and interviewed personnel and observed operations to assess effectiveness of controls.
- Tested transactions and event settlements for accuracy; and analyzed reported performance data related to direct cost recovery.
- Why? To verify effective internal controls are in place to ensure fees and charges are accurately calculated, recorded, and collected.

Mesa Convention Center & Amphitheatre

What did
we find/
recommend?

1. Concert settlements were inaccurate.
 - Recommended controls to ensure settlements are accurate before payments are issued.
2. Fees/charges were not always accurate; or were inconsistent with approved schedule.
 - Recommended controls to ensure customers are charged the correct amounts, and that fees and charges are authorized and within Council-approved ranges.

Mesa Convention Center & Amphitheatre

What did
we find/
recommend?

3. Vendor payments not always accurate; or lacked supporting documentation.
 - Recommended controls to ensure vendor invoices are verified and matched to supporting documents prior to payment.
4. Cash/cash equivalents not always safeguarded; reconciliation processes and oversight need improvement.
 - Recommended that cash and checks be stored in a secure location at all times. Also recommended improved processes to reconcile cash receipts.

Mesa Convention Center & Amphitheatre

What did
we find/
recommend?

5. Pricing and revenue sharing arrangements were not always established in writing.
 - Recommended that all contract terms, including pricing and revenue sharing, be established in writing. Amendments should also be in writing.
6. Refunds issued with no documented review or approval.
 - Recommended controls to ensure refunds are approved in writing.

Mesa Convention Center & Amphitheatre

What did
we find/
recommend?

7. Direct Cost Recovery performance data reported by staff was not accurate.
 - Recommended improved controls to ensure performance data is accurately calculated and reported.
8. Concert revenue was not recognized in a consistent and timely manner.
 - Recommended improved controls to ensure revenue is recognized in a consistent and accurate manner, within 1 accounting period after it is earned.

Mesa Convention Center & Amphitheatre

Response & Follow-up

- Management agrees with the recommendations and is implementing corrective action plans.
- All changes should be completed by 4/1/2020.
- We will remain engaged with the department throughout the process to help ensure successful implementation.
- We will perform a follow-up review in approximately 1 year.

i.d.e.a. Museum Earned Revenue

Report Date: June 30, 2019

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

i.d.e.a. Museum Earned Revenue Follow-up Review

What did
we find?

✓ Implemented

Recommendations from the May 2018 audit report:

- ✓ Implement controls to ensure accurate and consistent charges for birthday parties.
- ✓ Develop controls to ensure employees complete cash handling and credit card handling training timely.
- ✓ Revise MP210 and MP212 to require training before handling cash/credit cards.
- ✓ Ensure staff has access to a current and detailed cash handling procedures manual.

i.d.e.a. Museum Earned Revenue Follow-up Review

What did
we find?

Recommendations from the May 2018
audit report:

✓ Establish a process/criteria for price variances.

Note – When the follow-up report was issued (June 2019), this recommendation had not yet been implemented. However, we have confirmed that it is now in place.

✓ Implemented

Eastmark CFD

Report Date: 11/25/2019

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

Eastmark CFD Follow-up Review

What did
we find?

Recommendations from November 2018
audit report:

- ✓ Review financial reports to ensure all CFD related salary and benefit costs are complete and accurate.
- ✓ Instruct and periodically remind employees to charge applicable work hours to the CFD.

✓ Implemented

Questions?