



## AUDIT, FINANCE & ENTERPRISE COMMITTEE

July 10, 2017

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 July 10, 2017, at 4:30 p.m.

### COMMITTEE PRESENT

Mark Freeman, Chairman  
Christopher Glover  
David Luna

### COMMITTEE ABSENT

None

### STAFF PRESENT

Michael Kennington  
DeeAnn Mickelsen  
Jim Smith

#### 1. Items from citizens present.

There were no items from citizens present.

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

##### 1. Contract Monitoring - Transportation

City Auditor Jennifer Ruttman displayed a Power Point presentation (**See Attachment 1**) related to audits on Contract Monitoring – Transportation, Light Rail Project Reimbursements (2nd Follow-up Review), and Fire Prevention (2nd Follow-up Review).

Ms. Ruttman reported on the five findings (See Page 4 of Attachment 1) on contract monitoring in the Transportation Department. She pointed out that the system producing the invoice authorizations had errors on reports creating discrepancies on the amount to be paid. She recommended that the department use the Advantage Financial System and to create a review process.

In response to a question posed by Committeemember Luna, Ms. Ruttman stated the opinion that the invoice authorization errors are not a training issue. She explained that the department is not using the Advantage Financial System until the payment process stage and added that prior to that stage the department utilizes another system that manages projects. See noted that the department is working with the Information Technology Department (IT) to address the reporting issues.

Ms. Ruttman pointed out that invoice pricing contained errors and that moving forward the department will compare the invoices to the master agreements and noted that they are working with the report developers on corrections.

In response to a question from Chairman Freeman, Ms. Ruttman reported that the software generates invoices that are rounded to two-digits, however, the department deals with commodity prices that extend out to four or five-digits and in return causes significant price differences. She added that the department enabled the report to print the master agreement with the full price to replace the two-digit rounded amounts.

Ms. Ruttman reviewed the remaining findings and clarified that staff will follow-up on them in one year.

2. Light Rail Project Reimbursements (2nd Follow-up Review)

Ms. Ruttman reviewed the history of the audit and the first follow-up review and confirmed that after the second follow-up all action plans were successfully implemented.

3. Fire Prevention (2nd Follow-up Review)

Ms. Ruttman reviewed the history of the audit as well as the first follow-up review and stated that during the second follow-up most action plans were successfully implemented. She added that the remaining follow-up plans are contingent upon implementation of the Digital Innovation for Mesa's Electronic Services (DIMES) program.

In response to questions posed by Committeemember Glover, Business Services Director Ed Quedens replied that DIMES went live for fire safety permits, police alarms, and new entry for development projects. He noted that on-going projects prior to June 2017 are still in the old system and that licensing will be implemented over the next two weeks. He stated that the goal is for DIMES to be completely live in two to three months. He pointed out that the department had multiple issues that resulted in the delay which include vendor challenges and software knowledge. He confirmed that the implementation process has taken over two years.

Committeemember Glover requested that the DIMES implementation process be placed on a future agenda for discussion.

In response to a question from Committeemember Glover, Mr. Quedens responded that he does not have the cost of the implementation and will provide those costs to the Committee.

In response to questions posed by Committeemember Luna, Mr. Quedens reported that the contract is project based and once tasks are complete the contract is complete. He stated that the issues related to the implementation process are due to the technology since it is a hosted solution with constant changes occurring as well as training and knowledge issues from the vendor and City staff.

Chairman Freeman thanked staff for the presentation.

2-b. Hear a presentation, discuss and provide a recommendation on updating the City Code regarding licenses for Special Events (Title 5, Chapter 1) and Peddlers, Solicitors, and Transient Merchants (Title 5, Chapter 8).

Business License and Revenue Collections Administrator Tim Meyer displayed a Power Point presentation (**See Attachment 2**) related to updating the City Code regarding licenses for Special Events (Title 5, Chapter 1) and Peddlers, Solicitors, and Transient Merchants (Title 5, Chapter 8).

Mr. Meyer highlighted the proposed Special Events code changes that include updating the code to current licensing codes, adjust fees and penalties, and better define the appeal and application processes. (See Pages 3 and 4 of Attachment 2)

Mr. Meyer explained the proposed Peddlers, Solicitors, and Transient Merchants code changes to include modifications that affect license approval specific to criminal convictions as well as the license requirements for event activities versus door to door peddling.

In response to a question posed by Chairman Freeman, Mr. Meyer responded that the department has a licensing enforcement group that reviews social media, advertisements, as well as physically verifying proper licensing. He added that the Police Department has authority to enforce the code. He clarified that the department typically does not enforce over the weekends at this time, unless a special event is known.

Mr. Meyer continued by saying that additional Peddlers, Solicitors, and Transient Merchants code changes include eliminating the bond requirements, exemption for minors and non-profit groups, allow a group license, modify license fee structure and location restrictions/expectations, and allow an exemption if a peddler/vendor is part of a licensed special event to become more business friendly. (See Pages 5 and 6 of Attachment 2)

Chairman Freeman thanked staff for the presentation.

3. Adjournment.

Without objection, the Audit, Finance & Enterprise Committee meeting adjourned at 5:00 p.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 10<sup>th</sup> day of July, 2017. I further certify that the meeting was duly called and held and that a quorum was present.

  
DEE ANN MICKELSEN, CITY CLERK

# City Auditor

## Audit, Finance, and Enterprise Committee July 10, 2017





## **Audit Reports**

- Contract Monitoring – Transportation
- Light Rail Project Reimbursements
- Fire Prevention



## Audit: Contract Monitoring -Transportation



## **Contract Monitoring – Transportation Dept.**

### **Findings:**

- Invoice Authorization calculation errors (2 of 14)
- Invoiced price  $\neq$  contract price (2 of 28)
- Contract unit price  $\neq$  bid price (1 of 28)
- Council Reports with math or clerical errors (3 of 28)
- Contracts not found in EDMS database (13 of 28)



## Follow-up Reviews

1. Light Rail Project Reimbursements (2<sup>nd</sup> follow-up)
  - All action plans were successfully implemented.
2. Fire Prevention (2<sup>nd</sup> follow-up)
  - Most action plans were successfully implemented.
  - Remaining plans are contingent upon successful implementation of DIMES.





# Questions?

# Proposed City Code Changes

Business Services Department  
Revenue Collections



## **Proposal**

- ▶ Seek Audit, Finance and Enterprise Committee approval to amend:
  - ▶ MCC Chapter 5, Title 1 Special Event Code and bring a new ordinance to the full City Council.
  - ▶ MCC Chapter 5, Title 8 Peddler Code and bring a new City ordinance to the full City Council.

## **Proposed Special Event Code changes/Re-Write**

- ▶ Update verbiage to be more in line with our other licensing codes.
- ▶ Better define the appeal process and make it consistent with our other codes.
- ▶ Adjust fees to better accommodate neighborhood events and smaller events.
- ▶ Establish an expedited filing fee for applications that are filed less than 40 days prior to the event date.

## **Proposed Special Event Code changes/Re-Write**

- ▶ Better define what is needed to ensure a smooth and timely application process.
- ▶ Establish a code requirement to supply a complete and legible vendor list to licensing and a penalty for not doing so.

## **Proposed Peddler Code Changes/Re-Write**

- ▶ Modify the criminal convictions that affect license approval, renewal and possible suspension or revocation.
- ▶ Modify the license requirements for event activities vs door to door peddling.
- ▶ Eliminate the bond requirement.
- ▶ Allow an exemption for minors and non profit groups.

## **Proposed Peddler Code Changes/Re-Write**

- ▶ Allow for a group license for certain non door to door peddlers rather than all individual licenses.
- ▶ Modify the license fee structure.
- ▶ Modify location restrictions/expectations.
- ▶ Allow an exemption if a peddler/vendor is part of a licensed special event.

# Questions?

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