



City Auditor

Presentation to the Audit, Finance and Enterprise Committee

June 29, 2023

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Reports Issued March-June 2023



Citywide Cash Handling



Fleet Services – Parts Management Follow-up Review



Falcon Field – Leases Follow-up Review



HR/Employee Benefits – Claims Administration Contract Follow-up Review



PRCF – Mesa Convention Center 2nd Follow-up Review

Citywide Cash Handling

Report Date: 6/30/2023

Annual report on citywide audits of cash handling, change funds, and petty cash.

Citywide Cash Handling

What did
we audit
and why?

Throughout the year, we verify:

- Compliance with City policies and procedures.
- Petty cash and change fund balances.

Goals:

- Early detection to avoid significant issues.
- Deterrence and consistent enforcement of compliance.
- Relationships – answer questions/concerns; offer help when possible.

Citywide Cash Handling

What did
we find?

- No material discrepancies in fund balances.
- Minimal issues related to cash handling training.
- Overall, effective processes in place to safeguard cash.

Fleet Services – Parts Management Follow-up Review

Report Date: 3/22/2023

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

Fleet Services – Parts Management Follow-up Review

What did
we find?

✓ Implemented

Status of recommendations from November 2021 report:

- ✓ Enforce written policies and procedures by performing:
 - Perpetual inventory counts at least three times per year.*
 - Count verifications when pulling items from the shelf.
 - Random spot checks.
 - Observations of consignment counts performed by vendor representatives.

- ✓ Modify its existing written policies to reflect a more appropriate and reasonable frequency for when inventory control methods should be performed.

Fleet Services – Parts Management Follow-up Review

What did we find?

✓ Implemented

Status of recommendations from November 2021 report:

- ✓ Restrict physical access, including the distribution of keys, to the parts warehouse facilities to only parts specialists and other personnel deemed necessary, such as management.
- ✓ Develop and implement policies and procedures to address physical security measures for the parts warehouse facilities.
 - Process for granting and revoking badge and key access.
 - Periodically reviewing employee access rights to warehouse facilities.
 - Periodically reviewing security footage and access reports to monitor for suspicious or unauthorized activity.

Fleet Services – Parts Management Follow-up Review

What did we find?

✓ Implemented

Status of recommendations from November 2021 report:

- ✓ Ensure compliance with COM Management Procedures policy by developing and implementing policies and procedures to address disposal of inactive and obsolete inventory, including a process to identify and evaluate inactive parts and the frequency of evaluation and disposal of inactive parts.
- ✓ Maintain documentation to support benchmark criteria used to measure the efficiency of its operations.

Falcon Field – Lease Payments Follow-up Review

Report Date: 4/4/2023

A follow-up review to ensure the action plan was successfully implemented.

Falcon Field – Lease Payments Follow-up Review

What did we find?

✓ Implemented

Status of recommendation from February 2022 report:

- ✓ Develop and implement written policies and procedures for reconciling its lease revenue, including:
 - Performing monthly cash activity reconciliations.
 - Reviewing payment data reports for credit card payments processed online or through Business Services.
 - Retaining documentation of monthly reconciliations.
 - Periodically reviewing monthly cash activity reconciliations for accuracy and completeness.

HR/ Employee Benefits – Claims Administration Contract Follow-up Review

Report Date: 5/8/2023

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

HR/Benefits – Claims Administration Contract Follow-up Review

What did we find?

✓ Implemented

Status of recommendations from February 2020 report:

- ✓ Benefits staff should routinely test processed claims for accuracy and compliance with the City's plan.
- ✓ An independent audit should be performed to ensure claims are processed accurately and in compliance with the City's plan.
- ✓ When negotiating a new contract or contract renewals, the audit provisions should be revised to allow the City to appropriately and effectively audit the services provided.
- ✓ Benefits should verify the accuracy of performance results reported by Cigna or implement compensating controls to ensure expectations are being met.

PRCF – Mesa Convention Center 2nd Follow-up Review

Report Date: 5/2/2023

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

PRCF – Mesa Convention Center 2nd Follow-up Review

What did
we find?

Status of recommendations from June 2022 follow-up review:

- ✓ PRCF Finance staff should implement a process which ensures revenue is recognized within one accounting period after it is earned. This process should also ensure that accounting methods are applied consistently and accurately.

✓ Implemented

Questions?