



CITY AUDITOR'S OFFICE

FY 2018/19 Follow Up on Status of Audit Recommendations

June 14, 2019

REPORT NO. 1914

CITY COUNCIL

Mayor W.J. "Jim" Lane
Suzanne Klapp
Virginia Korte
Kathy Littlefield
Vice Mayor Linda Milhaven
Guy Phillips
Solange Whitehead



June 14, 2019

Honorable Mayor and Members of the City Council:

Enclosed is the *FY 2018/19 Follow Up on Status of Audit Recommendations* report, which was included on the Council-approved FY 2018/19 Audit Plan. This report presents the auditor-determined status of 249 audit recommendations from audits issued since July 2016. This annual report encompasses a 3-year history plus about 9 months of the current fiscal year's audit recommendations.

Overall, auditors concluded that about 89% of these past audit recommendations have been substantially addressed, with their status noted as implemented, in progress or partly implemented. Since this Audit Committee-requested program started, management action on audit recommendations has increased by about 12 percentage points, from about 77% in the first follow-up report issued in September 2009.

Audits conducted during FY 2018/19 have identified quantifiable potential cost savings, revenues or other financial value totaling approximately \$500,000. In addition, this year's audits have identified process and control improvements, which are not easily measured, in areas such as fire and life safety inspections, benefit contract administration and infrastructure condition assessments.

If you need additional information or have any questions, please contact me at (480) 312-7867.

Sincerely,

Sharron E. Walker, CPA, CFE, CLEA
City Auditor

TABLE OF CONTENTS

RESULTS	1
DIVISION/OFFICE ACRONYMS USED IN FOLLOW-UP ATTACHMENTS.....	3
DETAILED STATUS OF AUDIT RECOMMENDATIONS.....	5
SUMMARIZED STATUS OF AUDIT RECOMMENDATIONS	7

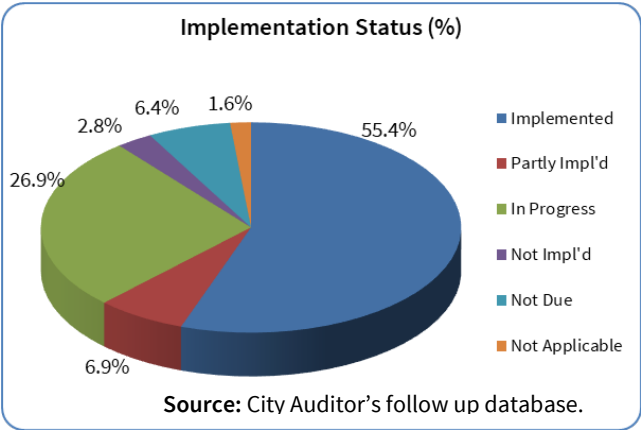
RESULTS

This annual Follow Up on Status of Audit Recommendations was included on the Council-approved FY 2018/19 Audit Plan. This report includes 249 audit recommendations, most issued between July 1, 2016, and May 31, 2019. This annual report encompasses a 3-year history plus about 9 months of the current fiscal year’s audit recommendations, with two more recent reports’ recommendations being listed as “Not Due.”

Implemented, In Progress or Partly Implemented

As shown in the graphic, 55.4% of audit recommendations have been implemented, 6.9% are partly implemented, and another 26.9% are in progress. Together, these statistics are about 2 percentage points lower than the same statistics for last year, which totaled 91%. Further, a slightly larger portion of audit recommendations are currently in progress (26.9% compared to 25.3% last year), and a smaller portion have been completed.

Currently audit recommendations have been open for an average of 12 months, an increase from last year’s 9.9-month average. This change is largely driven by three audits, *Preventative Maintenance and Repair*, *Commercial Solid Waste Operations*, and *Software Acquisition and Implementation*, that have been unresolved for more than two years.



Comparison with First Follow-Up Report

These first three categories together reflect that management is currently in some stage of implementing about 89% of audit recommendations. While implementation is slowing compared to last year, this statistic represents about a 12-percentage point improvement during the program’s existence. The first status report, dated September 18, 2009, found approximately 67% of 445 recommendations implemented. With another 10% in progress and about 0.5% partly implemented, management was in some stage of addressing about 77% of recommendations at that time.¹

As well, in September 2009, management was not implementing 8.3% of the recommendations compared to 2.8% currently identified as not being implemented. Attachment D lists the 7 recommendations with no further management action currently planned.

Additional Information

Page 5 of this report provides a link to the detailed report on all recommendations included in this graphic. Page 7 provides links to implementation analysis summarized by division or office, by audit report, and by fiscal year. It also provides a link to Attachment E listing the associated potential savings, revenues or other financial impacts that were identified for audit reports.

¹ That initial review in 2009 encompasses a 5-year period for prior audit follow ups, while the current review covers 3 prior years.

DIVISION/OFFICE ACRONYMS USED IN FOLLOW-UP ATTACHMENTS

Air	Airport
Attny	City Attorney
Auditor	City Auditor
Clerk	City Clerk
CM	City Manager
Comm	Communications
Court	City Court
CS	Community Services
EcDev	Economic Development
Fire	Fire Department
HR	Human Resources
IT	Information Technology
PlanDev	Planning & Development
Police	Police Department
Purch	Purchasing
PW	Public Works
TourEv	Tourism & Events
Trans	Transportation
Treas	City Treasurer
WR	Water Resources

DETAILED STATUS OF AUDIT RECOMMENDATIONS

[Link](#) to the separate 72-page detailed report.

SUMMARIZED STATUS OF AUDIT RECOMMENDATIONS

The following attachments are included in this report:

- A. Status summarized by [Division or Office](#).
- B. Status summarized by [Audit Report](#).
- C. Status summarized by [Fiscal Year](#) of the audit report.
- D. [Not Implemented](#) recommendations.
- E. [Audit reports](#) with the estimated cost savings, revenues or other financial impacts. This list also includes brief explanatory comments regarding the potential impact, including some not quantified.

Attachment A - Status by Division/Office

Division/Office	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
CM, CT	3	1	1				5
CS	23	8	1	1	1	10	44
Fire	3	8					11
HR	14	7	2				23
IT	4	8	3	2			17
PlanDev	5						5
Police	11	1			1		13
Purch	2						2
PW	43	18	4	4	1	6	76
PW, CS			1				1
PW, CT			1				1
TourEv	14	7	3				24
Trans	6						6
Treas	5	2					7
various		2					2
WW	5	5	1		1		12
Grand Total	138	67	17	7	4	16	249

Attachment B - Status by Audit Report

Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
1509	Scottsdale Road Improvements, Phase 1				Audit Issued:	10/30/2015	
PW	11						11
	11						11
1603	Bed Tax-Funded Special Event Contracts				Audit Issued:	10/7/2015	
TourEv	5						5
	5						5
1605	Preserve Operations				Audit Issued:	2/12/2016	
CS	2	2		1			5
	2	2		1			5
1606	Human Resources Compliance Programs				Audit Issued:	6/9/2016	
HR	12						12
	12						12
1607	McCormick-Stillman Railroad Park Operations				Audit Issued:	10/9/2015	
CS	13		1		1		15
	13		1		1		15
1608	Preventative Maintenance and Repair				Audit Issued:	10/24/2016	
PW	1	3	1	1			6
	1	3	1	1			6
1609	Transit Service Contracts				Audit Issued:	6/10/2016	
Trans	6						6
	6						6
1610	Human Services Information Controls				Audit Issued:	1/14/2016	
CS	8						8
	8						8

Attachment B - Status by Audit Report

Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
1611	Cash Handling Controls and Accountability, FY 2015/16			Audit Issued:		4/8/2016	
Treas	2	1					3
various		2					2
	2	3					5
1614	SkySong Residential Rent			Audit Issued:		2/11/2016	
PW	2						2
	2						2
1615	Northsight Blvd Extension Construction Contract			Audit Issued:		10/24/2016	
PW	7		2				9
	7		2				9
1702	E-Verify Compliance FY 2015/16			Audit Issued:		1/9/2017	
Purch	1						1
	1						1
1703	Patrol Operations			Audit Issued:		6/15/2017	
Police	2				1		3
	2				1		3
1704	Pavement Operations			Audit Issued:		5/1/2017	
PW	8						8
	8						8
1705	Destination Marketing Contract			Audit Issued:		11/14/2016	
TourEv	6		3				9
	6		3				9
1706	Commercial Solid Waste Operations			Audit Issued:		5/2/2017	
PW	4	5		3			12
	4	5		3			12

Attachment B - Status by Audit Report

Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
1707	Benefit Claims Processing				Audit Issued:	4/24/2017	
HR	1		2				3
	1		2				3
1708	Software Acquisition and Implementation				Audit Issued:	3/13/2017	
IT	4	8	3	2			17
	4	8	3	2			17
1709	McDowell Mountain Golf Course Lease				Audit Issued:	9/1/2017	
PW, CS			1				1
			1				1
1710	Capital Projects: Project Management and Allocated Charges				Audit Issued:	9/8/2017	
PW	2		1				3
PW, CT			1				1
	2		2				4
1803	Intelligent Transportation Systems				Audit Issued:	5/9/2018	
PW		6					6
		6					6
1804	Selected JOC Construction Contracts				Audit Issued:	6/15/2018	
PW	5	4					9
	5	4					9
1805	Miscellaneous Expenses				Audit Issued:	3/9/2018	
CM, CT	3	1	1				5
	3	1	1				5
1806	WestWorld Marketing & Concession Contracts				Audit Issued:	1/17/2018	
WW	5	5	1		1		12
	5	5	1		1		12

Attachment B - Status by Audit Report

Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
1807	Scottsdale Arts Contract			Audit Issued:		1/11/2018	
TourEv	3	7					10
	3	7					10
1808	Police On-Body Cameras			Audit Issued:		6/14/2018	
Police	9	1					10
	9	1					10
1809	Development Agreements			Audit Issued:		5/4/2018	
PlanDev	5						5
	5						5
1902	E-Verify Compliance During FY 2017/18			Audit Issued:		9/12/2018	
Purch	1						1
	1						1
1904	ActiveNet Application Controls			Audit Issued:		5/9/2019	
CS						10	10
						10	10
1906	Cash Handling Controls and Accountability			Audit Issued:		3/7/2019	
CS		6					6
		6					6
1908	Fire & Life Safety Inspections			Audit Issued:		11/2/2018	
Fire	3	8					11
	3	8					11
1909	Southwest Gas Franchise Agreement			Audit Issued:		9/14/2018	
PW	3				1		4
	3				1		4

Attachment B - Status by Audit Report

Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
1910	Utility Billing				Audit Issued:	1/17/2019	
Treas	3	1					4
	3	1					4
1912	Fleet Parts Operation				Audit Issued:	4/26/2019	
PW						6	6
						6	6
1913	Benefits Administration				Audit Issued:	1/16/2019	
HR	1	7					8
	1	7					8
Grand Total	138	67	17	7	4	16	249

Attachment C - Status by Fiscal Year

FY Published	Audit#	AuditName	Impl'd	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
2016									
	1509	Scottsdale Road Improvements, Phase 1	11						11
	1603	Bed Tax-Funded Special Event Contracts	5						5
	1605	Preserve Operations	2	2		1			5
	1606	Human Resources Compliance Programs	12						12
	1607	McCormick-Stillman Railroad Park Operations	13		1		1		15
	1609	Transit Service Contracts	6						6
	1610	Human Services Information Controls	8						8
	1611	Cash Handling Controls and Accountability, FY 2015/16	2	3					5
	1614	SkySong Residential Rent	2						2
		FY Totals	61	5	1	1	1		69
2017									
	1608	Preventative Maintenance and Repair	1	3	1	1			6
	1615	Northsight Blvd Extension Construction Contract	7		2				9
	1702	E-Verify Compliance FY 2015/16	1						1
	1703	Patrol Operations	2				1		3
	1704	Pavement Operations	8						8
	1705	Destination Marketing Contract	6		3				9
	1706	Commercial Solid Waste Operations	4	5		3			12
	1707	Benefit Claims Processing	1		2				3
	1708	Software Acquisition and Implementation	4	8	3	2			17
		FY Totals	34	16	11	6	1		68
2018									
	1709	McDowell Mountain Golf Course Lease			1				1

Attachment C - Status by Fiscal Year

FY Published	Audit#	AuditName	Impl'd	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
	1710	Capital Projects: Project Management and Allocated Charges	2		2				4
	1803	Intelligent Transportation Systems		6					6
	1804	Selected JOC Construction Contracts	5	4					9
	1805	Miscellaneous Expenses	3	1	1				5
	1806	WestWorld Marketing & Concession Contracts	5	5	1		1		12
	1807	Scottsdale Arts Contract	3	7					10
	1808	Police On-Body Cameras	9	1					10
	1809	Development Agreements	5						5
		FY Totals	32	24	5		1		62
2019									
	1902	E-Verify Compliance During FY 2017/18	1						1
	1904	ActiveNet Application Controls						10	10
	1906	Cash Handling Controls and Accountability		6					6
	1908	Fire & Life Safety Inspections	3	8					11
	1909	Southwest Gas Franchise Agreement	3				1		4
	1910	Utility Billing	3	1					4
	1912	Fleet Parts Operation						6	6
	1913	Benefits Administration	1	7					8
		FY Totals	11	22			1	16	50
		Grand Total	138	67	17	7	4	16	249

Attachment D - Detail of Not Implemented Recommendations

Audit#	Audit Name	Issued	Auditor FollowUp	
Find#	Finding	Rec#	Recommendation	
1605	Preserve Operations	2/12/2016	Division	CS
1	Preserve costs could be more appropriately recorded and projected. While accounting cost centers are intended to accumulate the costs of a specified activity, several directly related salaries are not included in the Preserve Management cost center. This makes it more difficult to determine the Preserve's direct operating costs without further research.	1A	The Community Services Division Director should ensure all direct staffing costs are budgeted and recorded in the Preserve Management cost center to facilitate analytical and information uses.	<p>Sept 2016: The Community Services Director reported that they will work on establishing one Preserve Management cost center as the FY 2017/18 budget development begins.</p> <p>June 2017: The department stated the FY 2017/18 Preserve budget does not include the additional part-time FTEs (Preserve Director and Natural Resources Coordinator).</p>
1608	Preventative Maintenance and Repair	10/24/2016	Division	PW
3	A preventative maintenance strategic plan, policies and procedures can aid effective resource management. The Facilities Management department measures its timely completion performance after excluding canceled work orders, which include tasks that were due but were not scheduled for staff to complete.	3D	The Public Works Division Director should ensure the Facilities Management department measures timeliness based on all preventative maintenance tasks due.	<p>March 2017: Facilities Management reported that creating procedures to measure timeliness based on all preventive maintenance (PM) tasks due is in progress.</p> <p>June 2017: Facilities Management stated that all tasks that were canceled because of labor shortage were rescheduled before the end of the fiscal year. However, the canceled and rescheduled tasks are not yet specifically tracked.</p> <p>Sept 2017: The department reported that analysis is in progress, and staff will create procedures to measure timeliness based on all (PM) tasks due.</p> <p>May 2018: The department developed a new report to include all PM tasks that were due. For a future update, auditors will test whether the delayed PM tasks are properly included.</p> <p>Sept 2018: The department's reported FY 2017/18 performance measure, at 89%, continues to include scheduled tasks rather than all tasks that were due. Department technology staff confirmed that rescheduled tasks were excluded from the calculation.</p>

Audit#	Audit Name	Issued	Auditor FollowUp	
Find#	Finding	Rec#	Recommendation	
1706	Commercial Solid Waste Operations			Division PW
2	The sudden Commercial Solid Waste rates increases made the program seem noncompetitive. In addition to increasing Commercial rates, the multiple container discounts were reduced to a standard 10%. While published rates for two large private companies that operate in Scottsdale were comparable to the new City rates, their multiple can discounts were much higher, more than 25%. Operationally, it is more efficient, and therefore less expensive to pick up multiple containers at or near the same location. So the Program's reduced multiple container discount may not be effective for operational or market-based purposes.	2B	The Public Works Division Director should re-evaluate the effectiveness of the current multiple container discount.	Sept 2017: Department management reported they will provide Commercial services at the current rates through FY 2017/18 and will do the analysis later this year. Auditors will review the department's analysis when available. Jan 2018: No additional information. May 2018: Department management explained there will not be a change to the multi-container discount in the coming fiscal year (2018/19). There are only about 10 to 15 multi-family accounts left, and their goal is to maintain rather than increase business.
3	The contracted cost of service study could have been more relevant. The study did not include demand elasticity, market rates or fixed/variable cost analysis. The consultant's model just spread costs over historical customer and tonnage information (as did the City model).	3B	The Public Works Division Director should include elasticity, market rate and fixed/variable cost analysis when analyzing future rates.	Sept 2017: Department management reported they will continue to include fixed and variable cost analysis and consider elasticity and market rates to the extent feasible. Auditors will review the department's analysis when available. Jan 2018: No further information provided. May 2018: The analysis was performed based on the consultant's model. It did not include elasticity, market rates or fixed/variable cost analysis.
4	Further operational improvements can be made. Public Works management has not established goals for the Commercial Solid Waste program. Current waste program trends across the country include cities emphasizing waste reduction by increasing participation in recycling programs.	4D	The Public Works Division Director should continue efforts to find operational improvements, including establishing specific, measurable, attainable, relevant and time-bound (SMART) goals for the Commercial program.	Sept 2017: Department management reported that, as work continues on Commercial program efficiencies, they will develop baseline data to measure and help create SMART goals. Jan 2018: No further information provided. May 2018: Department staff reported that they will work to formalize current program goals for inclusion in the next budget book. Sept 2018: Auditor review of the FY 2018/19 Budget Book found the department's program goals unchanged.

Audit#	Audit Name	Issued	Auditor FollowUp		
Find#	Finding	Rec#	Recommendation	Division	IT
1708	Software Acquisition and Implementation	3/13/2017		Division	IT
7	Maintenance and Operations. Problem resolution can be better managed. Each software project requires its own problem and issue management system. The standard City software contract includes problem response times, but there was no evidence the vendor was following the maintenance plan for one system or that the contract administrator for another was aware of the contractual requirements.	7A	The Information Technology department should require the Project Management Office (or its equivalent) to assist the contract administrator with monitoring maintenance and support service levels.	Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The IT Director - Network Operations indicated that, while staffing concerns remain, IT may be able to address this in the future. Sept 2018: The IT Department Director indicated that IT has limited resources and if the Project Manager has time to take on additional recommendations he will. But currently he believes there is not sufficient capacity.	
7	Maintenance and Operations. Vendors are not required to provide a transition plan for the City to take over the system. This was particularly problematic for the Solid Waste system which the City has struggled to understand how to administer the system.	7B	The Information Technology department should require the Project Management Office (or its equivalent) to assist the contract administrator with requiring vendors to provide a transition plan and execute it.	Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The IT Director - Network Operations indicated that, while staffing concerns remain, IT may be able to address this in the future. Sept 2018: The IT department indicated if City departments do not have technical staff with proper background, they should contract with the vendors to provide additional support.	

Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2010				
8/17/2009	0911	In-Lieu Parking Program	\$156,360	this amount does not include estimate for rate error of \$3,592 per parking credit.
8/17/2009	0912	Use of Purchase Orders	\$0	
8/17/2009	0908	Change Orders and Contract Modifications for Capital Projects	\$0	
9/17/2009	0910	Water System Security	\$0	
11/5/2009	1001	Boards and Commissions	\$0	
11/5/2009	1002	Street Overlay & Maintenance Program	\$0	
11/5/2009	1003	Irrigation Water Distribution System	\$375,000	wrong rate used for in lieu property tax charges (to all enterprise funds, not just IWDS).
2/5/2010	1005	Commercial Refuse Collection	\$418,650	most recent year only; \$618,000 excess costs/revenue shortfalls in 4 prior years as well.
2/5/2010	1008	Real Property Leases and Licenses	\$0	
2/5/2010	1006	Custodial Services Contract Administration	\$0	
4/7/2010	1010	Compliance with Medical Privacy Requirements of the Federal Health Insurance Portability and Accountability Act (HIPAA)	\$0	
5/3/2010	1009	Ambulance Contracts: Compliance & Contract Administration	\$211,600	includes \$95,000 in unbilled costs plus \$116,600 in potential revenues.
5/7/2010	1004	Trolley Services	\$0	\$222,000 payment for contractor's insurance planned to be recouped by Feb 2011, but should not have been paid.
6/9/2010	1007	Pool Usage: Agreements & Administration	\$31,000	does not include potential additional cost recovery through rate increases (only 21% cost recovery on average).
6/14/2010	1012	Annual Follow-Up on Audit Recommendations	\$0	
6/14/2010	1014	Retirement Incentive Program & Reorganization	\$215,500	amount does not include ASRS early retiremt penalty (\$2.5 - 5M) or salary issues (exceed max. salary = \$125k, excess sal increases \$43k, retro salary increases \$76k, org. change increases \$244k)
Summary for 'FYPubl' = 2010 (16 records)			\$1,408,110	

Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2011				
8/6/2010	1011	Special Event/Off-Duty Coordination	\$54,000	Amount of admin fees waived during last 3 years. Admin fee was only recovering 4% of program's admin costs (\$217k).
9/8/2010	1102	Parks & Recreation Intergovernmental Agreements	\$35,000	FY 2008/09 and FY 2009/10 potential cost recoveries.
9/10/2010	1103	Compensation Practices & Controls	\$257,900	FY2008/09 and 2009/10 only: noncharter def'd comp \$114.2k, added med/vac hrs \$49.8k, pay type not in policy \$23k, pay incr w/o perf eval \$59.8k, unauth auto allow \$11.1k
10/4/2010	1117	Residential Solid Waste Program Cost Analysis	\$0	recommended review of number of vehicles, alley maintenance costs, & indirect charges, but potential impact not quantified.
11/1/2010	1106	Water and Sewer Rates	\$0	
11/4/2010	1105	Fleet Management Rates	\$1,200,000	underused, loaners, + commuting costs of take-home vehicles; rate reductions to spend down Fleet cash balance (\$2 - 3M); return money for canceled Fleet CIP project (\$1.2M).
12/27/2010	1104	Selected Application Controls over the City's TotalHR System	\$0	
1/11/2011	1107	Overtime Controls and Practices	\$155,000	2 years OT paid to exempt employees (excl PD commun, sgt & lt). Does not incl \$721k paid for OT hrs exceeding policy limits or other potential OT reductions.
1/12/2011	1108	Tax Audit Assessments and Collections	\$0	potential to improve cost-effectiveness through different mix of staffing or increased productivity; potential savings not estimated.
3/10/2011	1101	Energy Billing Audit (Utilities Analyses, Inc. contract)	\$112,954	Consultant UAI estimated \$379,700 (\$58,700 from overbillings and \$321,000 from rate changes). Amount reflects to-date results; will be updated periodically.
4/4/2011	1110	Remittance Processing	\$264,000	Lower staffing could potentially reduce program costs by about \$264,000.
4/6/2011	1115	E-Verify Compliance of City Contractors - October 2008 through June 2010	\$0	Recommendation will assist with State law compliance.
4/7/2011	1109	Printing and Graphics Services	\$104,000	sample print savings \$9k; utility bill undercharge \$50k, postage overcharge \$70k; copier excess cost \$115k.
6/1/2011	1113	Medical Benefit Plans: Claims Processing	\$970	Sample error only; projected to population, estimated at \$690k. Contract with third party administrator (Aetna) does not allow projection of sample results for cost recovery.
6/2/2011	1114	Cash Handling, FY 2010/11	\$0	

Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
6/10/2011	1116	Annual Follow-Up on Audit Recommendations	\$0	
6/15/2011	1112	Selected Housing Programs - Section 8 and HOME	\$200,000	Approx. annual savings from using Sect 8 admin fee revenue rather than General Fund. (Sect 8 admin reserves totaled approx. \$509k at 5/1/11.)
Summary for 'FYPubl' = 2011 (17 records)			\$2,383,824	

Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2012				
7/20/2011	1111	Meter Reading Program	\$20,000	estimated lost revenues due to defective meters; also identified potential customer savings \$156,000.
9/1/2011	1209	Selected Application Controls over the City's GenTax System	\$0	
9/2/2011	1202	Tax and License Services	\$20,000	automatic writeoffs being made; additional \$179,000 in refunds not subject to independent review
9/6/2011	1203	Utility Billing Services	\$13,500	Additional \$712,000 in sewer fee adjustments not guided by formal policy
11/7/2011	1212	SkySong Ground Lease Rent, Calendar Year 2010	\$0	Questioned: Admin fee \$50k, donation \$5k, asset mgt fee \$129k, term/resign fee \$680k = total of \$855k. However, net loss was \$2.9M, so no revenues would be recognized.
12/5/2011	1211	Development/Planning Processes and Fees	\$1,900,000	FY 2010/11 fees recovered 66% of Full costs rather than the 84% stated in Council Report. Amount shown is estimated \$ difference.
12/12/2011	1204	Cultural Council Contract Compliance	\$856,700	Diff btwn F&A reported and later established AIPP balance (amt which c/h been spent 2x). Also, GF may have to reimburse \$300k to Comm Arts Trust.
2/9/2012	1207	Palomino Library IGA Compliance	\$132,000	Amount estimated for FY 2010/11. Total extra expenses over 4 year period: benefits + security \$35k, staffing \$618k.
2/14/2012	1205	Wireless Telecommunications	\$0	
3/6/2012	1214	Independent Review of Minimum Accounting Standards at the Scottsdale City Court	\$0	
3/8/2012	1213	E-Verify Compliance of City Contractors, 10/2008 through 9/2011	\$0	
6/4/2012	1208	Concerned Citizens for Community Health Contract Compliance	\$0	May be able to lower the COS staff time on CCCH activities (estimated at \$131k) with clarification of agreement terms.
6/8/2012	1201	Indirect Cost Allocation	\$590,400	Amount of variances that could be estimated; would have decreased Enterprise Fund indirect costs in FY 2011/12.
6/8/2012	1217	External Quality Control Review of the City Auditor's Office, CYs 2009 - 2011		
6/11/2012	1215	Annual Follow-Up on Audit Recommendations	\$0	

Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
Summary for 'FYPubl' = 2012 (15 records)			\$3,532,600	
FY 2013				
8/10/2012	1216	Citywide Audit Risk Assessment Model	\$0	
9/6/2012	1206	Utility Franchise Agreement Compliance	\$0	Identified 145 APS customers outside Scottsdale included in franchise fee payments (est'd \$14k) during FY 2011/12.
9/11/2012	1210	Airport FBO Compliance	\$18,000	Also FBOs' late payments could have resulted in penalties+interest of \$210k and a rent discount of \$8k was not brought to Council for approval.
11/2/2012	1301	E-Verify Compliance of Selected FY 2011/12 City Contractors	\$0	
11/8/2012	1305	Fuel Costs and Controls	\$302,163	fuel admin markup recovery over admin costs+increased CNG use in bifuel vehicles
1/24/2013	1303	Cash Handling Controls and Accountability, FY 2012/13	\$0	
1/24/2013	1304	WestWorld's Financial Operations	\$317,400	revenues not covering direct costs, billing credit, insufficient deposit, and possible BOR changes; excludes projected revenue shortfall for FY 2013/14.
3/1/2013	1307	Detention Costs and Controls	\$160,000	only \$44k may be recouped due to 90-day refund limitation; second DUI+non-COS = \$145k for 18 mos; felonies = \$15k for 90 days; annualized errors = approx. \$156k/yr
3/6/2013	1306	Case Management Controls	\$0	
4/4/2013	1308	Social Media Use and Controls	\$0	
5/20/2013	1310	Citation Controls	\$0	
6/7/2013	1311	Selected Application Controls Over the City's CLASS System	\$0	
6/7/2013	1302	Annual Follow-Up on Audit Recommendations		
6/7/2013	1309	Tournament Players Club Lease Agreement	\$312,646	Rent calculation errors \$3.6k, additional income rent \$15.2k + \$54.8k prior yrs, complimentary golf estimated rent \$239.3k for 2.25 yrs
Summary for 'FYPubl' = 2013 (14 records)			\$1,110,209	

Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2014				
8/9/2013	1312	Wastewater Customer Rate Classification Review	\$32,500	est'd \$16 - 49k range
10/8/2013	1414	Control & Use of Key Water Treatment Supplies	\$128,000	est'd 1 yr savings of multiagency contract; potentially underpaid \$26k in tpt
10/11/2013	1407	Communications Center Staffing	\$64,000	Savings from filling average 4 FTE vacant positions rather than paying overtime. A shorter recruiting process can also reduce OT costs.
10/30/2013	1401	FY 2012/13 External Financial Audit	\$0	Identified accounting corrections made during audit. CPA firm follows up during next audit.
1/8/2014	1411	Claims Management	\$60,000	Identified third-party liabilities not collected \$40k; if met benchmark subrogation collection rate, +\$20k.
1/8/2014	1413	Fire Department Staffing Model	\$84,000	Est'd OT savings for 40 hour assignments over 2-year period. (Est'd \$550,000 if 56-hour rate was maintained.)
3/3/2014	1402	E-Verify Compliance FY 2012/13	\$0	Improve HR record retention to avoid risk of fines.
3/6/2014	1404	Cash Handling Controls and Accountability FY 2013/14	\$13,000	Ticket, access card, and wristband inventories and pay-per-use printer/copier use not reconciled to receipts.
3/6/2014	1412	Procurement Card Use & Controls	\$0	3 year period: split purchases ~\$46k; improved controls needed for gift cards ~\$116k.
5/9/2014	1406	Property & Evidence Management	\$0	More timely dispositions needed to avoid needing additional storage facilities.
6/6/2014	1409	Job Order Contracting	\$120,850	Incorrect sales tax/markup by contractors, added costs, and one example of client dept-state JOC pricing.
6/17/2014	1408	Selected Application Controls over the City's iNovah System	\$0	Access control improvements recommended for City cashiering system.
6/18/2014	1403	Annual Follow-Up on Audit Recommendations	\$0	
6/19/2014	1410	Accounts Receivable Management	\$548,000	4 years of Library bad debt writeoffs and waivers without collection documentation. Amt does not include City vendor pmts matched against overdue receivables.
Summary for 'FYPubl' = 2014 (14 records)			\$1,050,350	

Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2015				
9/4/2014	1508	Boys & Girls Clubs Lease Agreements	\$2,744,000	\$2.5M unrecorded assets (w/o land value), \$244k unreimb'd costs [land, bldg, imprvmts later recorded at \$9M]
9/4/2014	1405	Scottsdale Stadium Lease Agreements	\$58,200	add'l costs to \$200k max reimb=\$50k, scoreboard maint \$5k +controller costs \$8k, less \$5k dupl seat reimb.
11/6/2014	1501	FY 2013/14 External Financial Audit	\$0	
12/9/2014	1503	Police Overtime	\$69,000	Premium pay hours est'd value, assuming none w/b OT-eligible. Also identified est'd \$370k of hours worked exceeding City policy (may not represent potential savings).
12/9/2014	1507	Procurement Policies and Practices	\$0	
1/14/2015	1502	Independent Review of Scottsdale City Court's Compliance with Minimum Accounting Standards	\$0	
3/6/2015	1511	Disaster Recovery/Business Continuity	\$0	
5/7/2015	1506	Library Business Operations	\$0	
5/15/2015	1513.01	Controls Over Surplus Property Dispositions	\$0	
5/22/2015	1512	External Quality Control Review of the City Auditor's Office, CYs 2012 - 2014	\$0	
6/9/2015	1505	Fairmont Scottsdale Princess Lease Agreement	\$134,000	Former City staff agreed to a lower rent calculation than in the Council-approved lease.
6/11/2015	1504	Network Security Assessment	\$0	
6/11/2015	1510	Photo Enforcement Contract	\$3,000	Additional instances of malfunctions and out-of-service photo enforcement equipment.
6/12/2015	1514	FY 2014/15 Follow Up on Status of Audit Recommendations	\$0	
6/15/2015	1513	FY 2014/15 Report on the City Auditor's Integrity Line		did not estimate -personal use of City vehicle
6/19/2015	1515	Review of Super Bowl/Open Overtime	\$96,200	est'd overtime to cover leave hours. Also, cost not recovered ~\$26k for billed events + unbilled time.
Summary for 'FYPubl' = 2015 (16 records)			\$3,104,400	

Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2016				
10/7/2015	1603	Bed Tax-Funded Special Event Contracts	\$16,370	Insufficient docs
10/9/2015	1607	McCormick-Stillman Railroad Park Operations	\$337,000	Unrecorded donated assets, recovery of staffing costs
10/26/2015	1601	FY 2014/15 External Financial Audit	\$0	
10/30/2015	1509	Scottsdale Road Improvements, Phase 1	\$401,700	Table 3 - overpayments and questioned costs.
1/14/2016	1610	Human Services Information Controls	\$0	
2/11/2016	1614	SkySong Residential Rent	\$377,000	This does not include \$1.1 million costs needing further clarification to determine allowability. (Potential to increase rent by \$550k)
2/12/2016	1605	Preserve Operations	\$335,000	Unrecorded donated parcels estimated value.
4/8/2016	1611	Cash Handling Controls and Accountability, FY 2015/16	\$0	
6/8/2016	1613	FY 2015/16 Report on the City Auditor's Integrity Line	\$0	
6/9/2016	1606	Human Resources Compliance Programs	\$0	
6/10/2016	1609	Transit Service Contracts	\$117,000	amt includes grant reimb lost, unused data services paid. Does not include potential savings from trolley or cab connection changes.
6/14/2016	1612	FY 2015/16 Follow Up on Status of Audit Recommendations	\$0	
6/14/2016	1604	IT Risk Assessment (Contracted)	\$0	
Summary for 'FYPubl' = 2016 (13 records)			\$1,584,070	

Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2017				
9/13/2016	1602	Biennial Certified Audit of the City's Land Use Assumptions, Infrastructure Improvement Plans and Development Fees (contracted)	\$0	
10/24/2016	1615	Northsight Blvd Extension Construction Contract	\$793,900	potentially recoverable \$147,200 + questioned cost types \$646,700
10/24/2016	1608	Preventative Maintenance and Repair	\$0	
11/14/2016	1701	FY 2015/16 Financial and Compliance Audit	\$0	
11/14/2016	1705	Destination Marketing Contract	\$70,000	Free Police services exceed contract amount. Plus saving half or all of Fiesta Bowl cost = ~\$150k - \$300k.
1/9/2017	1702	E-Verify Compliance FY 2015/16	\$0	
3/13/2017	1708	Software Acquisition and Implementation	\$0	
4/24/2017	1707	Benefit Claims Processing	\$60,000	Estimate for perf guarantees only. Does not include claim processing errors est'd at \$344k.
5/1/2017	1704	Pavement Operations	\$0	
5/2/2017	1706	Commercial Solid Waste Operations	\$1,047,500	includes FleetMind, billing errors and payment error.
6/14/2017	1711	FY 2016/17 Follow Up on Status of Audit Recommendations	\$0	
6/15/2017	1703	Patrol Operations	\$0	
6/15/2017	1712	FY 2016/17 Report on the City Auditor's Integrity Line	\$0	
Summary for 'FYPubl' = 2017 (13 records)			\$1,971,400	

Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2018				
9/1/2017	1709	McDowell Mountain Golf Course Lease	\$251,000	Value of required improvements not documented.
9/8/2017	1710	Capital Projects: Project Management and Allocated Charges	\$0	FTE not reduced for smaller CIP. Impact on individual projects ranges from less than 1% to more than 50%.
11/13/2017	1801	FY 2016/17 Financial and Compliance Audit	\$0	
1/10/2018	1811	Independent Review of Scottsdale City Court's Compliance with Minimum Accounting Standards	\$0	
1/11/2018	1807	Scottsdale Arts Contract	\$202,000	Purpose-restricted funds not yet spent for designated purposes.
1/17/2018	1806	WestWorld Marketing & Concession Contracts	\$67,880	Includes identified event adjustments, interest paid, liquor license enforcement, and use fees not charged, less underpayment error.
2/16/2018	1802	E-Verify Compliance During FY 2016/17	\$0	
3/9/2018	1805	Miscellaneous Expenses	\$153,000	purchases of printer toner over 2 year period when toner is free through copier-printer contract (max savings).
5/4/2018	1809	Development Agreements	\$261,000	Includes uncollected receivable due by 12/31/17 plus interest. Does not include \$1.3M unrecorded potential receivables for future periods.
5/9/2018	1803	Intelligent Transportation Systems	\$0	
5/30/2018	1810	External Quality Control Review of the City Auditor's Office, CYs 2015 - 2017	\$0	
6/12/2018	1813	FY 2017/18 Report on the City Auditor's Integrity Line	\$0	did not estimate - multiple billings for \$10 alarm fees
6/14/2018	1808	Police On-Body Cameras	\$0	
6/14/2018	1812	FY 2017/18 Follow Up on Status of Audit Recommendations	\$0	
6/15/2018	1804	Selected JOC Construction Contracts	\$41,600	Undocumented project costs. Subcontractor selections not monitored in proposal and project delivery phases. Performance bonds \$4.4M less than project values.
Summary for 'FYPubl' = 2018 (15 records)			\$976,480	

Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2019				
9/12/2018	1902	E-Verify Compliance During FY 2017/18	\$0	
9/14/2018	1909	Southwest Gas Franchise Agreement	\$146,100	est underpayments + late payment interest charges
11/2/2018	1908	Fire & Life Safety Inspections	\$0	
11/13/2018	1901	FY 2017/18 External Financial Audit	\$0	
1/16/2019	1913	Benefits Administration	\$33,500	\$21,750 in Wellness/Health Improvement funds not used; \$11,750 for deferred compensation administrative costs in City's General Fund. Also, benefit contracts procured through third parties without doc.
1/17/2019	1910	Utility Billing	\$20,000	PV customers overcharged ~\$14k plus misc billing errors noted in testing.
2/22/2019	1903	Biennial Certified Audit of Land Use Assumptions, Infrastructure Improvements Plan and Development Impact Fees (July 1, 2016 to June 30, 2018)	\$0	
3/7/2019	1906	Cash Handling Controls and Accountability	\$10,740	CY 2018 monies processed through a third-party payment processing site without controls
4/26/2019	1912	Fleet Parts Operation	\$355,000	Est'd fin'l impact includes inventory variances, inactive and obsolete parts, and low value supplies in inventory. Related, approx 90% of parts inventory on hand exceeds a 90-day supply.
5/9/2019	1904	ActiveNet Application Controls	\$0	
5/10/2019	1916	Scottsdale Transit Program's National Transit Database Financial Data Review	\$0	
6/14/2019	1905	Infrastructure Condition Assessment	\$0	
6/14/2019	1914	FY 2018/19 Follow Up on Status of Audit Recommendations	\$0	
6/17/2019	1915	FY 2017/18 Report on the City Auditor's Integrity Line	\$0	
Summary for 'FYPubl' = 2019 (14 records)			\$565,340	
Summary Report Count = 147		Grand Total	\$17,686,783	

City Auditor's Office

7447 E. Indian School Rd., Suite 205
Scottsdale, Arizona 85251

OFFICE (480) 312-7756
INTEGRITY LINE (480) 312-8348

www.ScottsdaleAZ.gov/auditor

**Audit Committee**

Councilwoman Kathy Littlefield, Chair
Councilmember Virginia Korte
Councilwoman Solange Whitehead

City Auditor's Office

Kyla Anderson, Senior Auditor
Paul Christiansen, Senior Auditor
Lai Cluff, Senior Auditor
Cathleen Davis, Senior Auditor
Brad Hubert, Senior Auditor
Sharron Walker, City Auditor

The City Auditor's Office conducts audits to promote operational efficiency, effectiveness, accountability and integrity.

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1509	Scottsdale Road Improvements, Phase 1	Issued:	10/30/2015	
1A	The Public Works Division Director should establish procedures for tracking contract changes.	March 2016: CPM reported staff is working to update the Project Management Manual. June 2016: CPM reported that field staff has implemented more detailed quantity tracking tools, which will be included in the 2016/17 Project Management manual update. Sept 2016: Based on review of the PM manual, this guidance has not been updated. CPM reported the audit findings have been reiterated to staff and CMAR training will be provided in late September. Jan 2017: The September 2016 training was provided, but the PM manual guidance has not yet been updated. March 2017: Auditor reviewed CPM's new Change Order log created to track change order requests.	Implemented	<input checked="" type="checkbox"/>
1B	The Public Works Division Director should require CPM to more closely review cost proposals for changes, ensuring that proposed amounts are supported by detailed cost estimates, time and materials reports, or invoices.	March 2016: CPM reported this is in progress. CPM staff is continuing to work with the CMAR to resolve the identified overpayments. June 2016: CPM reported this remains in progress. Sept 2016: Based on review of the PM manual, this guidance has not been updated yet. CPM reported the audit findings have been reiterated to staff and CMAR contract training will be provided in late September. Jan 2017: The September 2016 training was provided, and PM manual updated to incorporate some additional guidance on change orders.	Implemented	<input checked="" type="checkbox"/>
1C	The Public Works Division Director should establish procedures for verifying contractor calculations in pay requests and cost proposals.	March 2016: CPM reported staff is working to revise the CMAR contract template to correctly calculate insurance, bonds and taxes based on the required amounts. Other procedures to verify pay requests are pending the Project Management Manual revision. June 2016: CPM reported that legal staff has updated the contract template to make the calculations clear and concise. Auditors confirmed the template has been updated for the calculation and definition of bonds and insurance. Verification procedures will be reviewed when completed. Sept 2016: While policies and procedures do not appear to have been updated yet, auditor review of recent inspection reports found they included dates and measurements for comparison to contractor billings.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1D	The Public Works Division Director should require CPM to seek reimbursements for costs incurred, where applicable.	March 2016: CPM reported staff has requested reimbursement of the telecommunications work cost. June 2016: The telecommunications reimbursement request was denied. CPM's discussions with the CMAR are continuing. Sept 2016: CPM reported that a settlement has been negotiated with the CMAR and payment is expected shortly. Jan 2017: CPM reported that the CMAR settlement payment has been received by Accounting.	Implemented	<input checked="" type="checkbox"/>
2A	The Public Works Division Director should require CPM to establish written procedures for evaluating subcontractor selection plans and monitoring subcontractor costs.	March 2016: CPM reported that a consultant will be providing CPM staff training on CMAR contracts and contract management. This training is tentatively scheduled for May 2016. June 2016: CPM reported they are still in process for scheduling the training. Sept 2016: CPM reported that its CMAR contract training is scheduled for late September. Any identified changes to the CPM manual will be made after this training. Jan 2017: The September 2016 training was provided. The PM manual was updated to require review of the subcontractor selections, but does not yet provide guidance on reviewing the subcontractor selection plan (or method). March 2017: Auditor reviewed updated CPM manual which specifies that subcontractor selection plans will be reviewed during the RFP phase and should also be reviewed during GMP development.	Implemented	<input checked="" type="checkbox"/>
2B	The Public Works Division Director should, when contract terms apply, require contractors to submit a list of selected subcontractors and final subcontract costs.	March 2016: CPM reported staff is working with the City Attorney's Office to modify CMAR contracts to be more specific regarding subcontractor costs and documentation. CPM staff is continuing to work to resolve the questioned costs, but the CMAR believes this was a fixed unit price contract. June 2016: This is still in process. Sept 2016: Auditor review of PM manual found financial close-out procedures have been updated to include verification of final subcontractor costs.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3A	The Public Works Division Director should establish procedures to ensure that cost proposals are reviewed by a City estimator and reconciled to engineering estimates when applicable and GMP negotiations are documented.	March 2016: CPM reported that staff has been directed to compare contractor estimates to an internal estimate or engineer's estimate prior to acceptance. This will be included in the Project Management Manual update. June 2016: This will be incorporated into the 2016/17 manual update. Sept 2016: CPM plans to update the PM manual after the CMAR contract training in late September. Jan 2017: The September 2016 training was provided. The PM manual was updated to require use of an internal estimate and the engineering estimate, but does not yet provide guidance on reconciling those to the final GMP that is negotiated. March 2017: Auditor reviewed manual update which requires review, reconciliation and documentation of any significant variances between the City's estimate and the contractor's proposal.	Implemented	<input checked="" type="checkbox"/>
3B	The Public Works Division Director should ensure that project managers and contractors comply with policies requiring an executed change order prior to commencing work. In addition, CPM policies and procedures should require complete documentation for change requests and uses of owner's contingency, such as which party initiated the change, a specific description of the change or added scope of work, and scheduled completion date.	March 2016: CPM reported staff is working to update the Project Management Manual. June 2016: CPM reported the new procedures for more detailed quantity tracking, daily reports and verifying contractor pay applications will be incorporated into the 2016/17 manual update. Sept 2016: CPM plans to update the PM manual after the CMAR contract training in late September. Jan 2017: The September 2016 training was provided. The PM manual updates do not yet include requirements to document for all change order types the key aspects such as change initiation, specific work description, and completion date. March 2017: Auditor reviewed change log that will require the PM to document who requested the change, why it was requested, who approved it and the date of approval.	Implemented	<input checked="" type="checkbox"/>
3C	The Public Works Division Director should establish procedures for documenting the inspectors' quantity measurements.	March 2016: CPM reported that it has developed new field tracking techniques to ensure only placed quantities are paid. Auditors reviewed a recent inspection log, which documented quantities and measurements.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3D	The Public Works Division Director should require documentation of project delays and ensure Certificates of Substantial Completion are issued.	March 2016: CPM reported staff is working to update the Project Management Manual. June 2016: Field staff have been given the substantial completion form to use for projects. The manual update is scheduled to be completed during 2016/17. Sept 2016: CPM reported that inspectors have been directed to document delays in the daily inspection log and the CMAR contract template will be updated to include additional procedures for time extensions and delays. Auditors reviewed the inspection log and contract templates. Certificates of Substantial Completion were already required and audit findings have been reiterated to staff.	Implemented	<input checked="" type="checkbox"/>
3E	The Public Works Division Director should establish policies and procedures to ensure sufficient documentation is retained to demonstrate that applicable procurement requirements were followed.	March 2016: CPM reported staff is working to update the Project Management Manual. June 2016: The City Attorney's office has provided training on what is required to be retained for a solicitation, and it will be incorporated during the 2016/17 manual update. Sept 2016: CPM plans to update the PM manual after the CMAR contract training in late September. Jan 2017: The September 2016 training was provided. The PM manual was updated to require certain minimum documentation, such as a list of all SOQ's received, but some procedures to ensure fair and objective competition have not yet been formalized in policy with documentation required. Auditors provided CPM with additional best practice information on the evaluation process as guidance for further improvement. March 2017: Auditor reviewed new CPM form that will be used for evaluators to confirm their final rankings of proposals.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1603	Bed Tax-Funded Special Event Contracts	Issued:	10/7/2015	
1	The Tourism and Events Department should develop additional criteria for measuring an event's potential return on the Special Event funding investment. The criteria should then be presented for advice from the Tourism Development Commission and approval of the City Council.	<p>March 2016: The Tourism Director reported that Tourism staff held a work study session with the Tourism Development Commission on March 15 regarding program eligibility and evaluation. Tourism staff will bring draft criteria to the April 19 TDC meeting and the proposed criteria to the City Council for review and approval in May. June 2016: Tourism staff reported that the proposed program criteria were presented at the April 19 and May 17, 2016, TDC meetings. The Council will be requested to approve the recommended program criteria on July 6. Sept 2016: The FY 2016/17 MEAF and Event Venue Fee proposed programs did not include additional or alternative criteria to using room nights. The Tourism Director stated this will be considered for next fiscal year's proposed program changes. June 2017: Auditor reviewed the February 21, 2017 Tourism Development Commission work study minutes to confirm event criteria, types, social media/marketing value were discussed. As well, criteria for minimum attendance requirements and ineligible events were developed.</p>	Implemented	<input checked="" type="checkbox"/>
2A	The Tourism and Events Director should consult with the City Attorney's Office regarding addition of the terms to contract template documents.	<p>March 2016: The Tourism Director reported that Tourism staff and their assigned attorney began reviewing the contract templates in November 2015. Tourism staff will present the revised templates to the TDC in April 2016 and to the City Council in May 2016. Sept 2016: An audit clause and requirement for room night documentation were included in appropriate contract templates that were approved in July and August 2016. The Event Venue and MEAF contracts now state the payment will be reduced on a prorata basis if room nights generated are less than the goal. However, an Event Development contract did not require proof of the stated attendance number, and the Community Events contract did not require invoices and canceled checks to document funding uses. The Tourism Director indicated these improvements will be considered for next fiscal year's contract changes. June 2017: Auditor reviewed contract templates that were presented to the Tourism Development Commission and an example Event Development contract to confirm added contract terms. These included an audit clause, a post event report template, funding reductions if the required room nights are not documented, and deliverables to be provided automatically.</p>	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2B	The Tourism and Events Director should ensure contract requirements are being fulfilled or if requirements are no longer necessary, they should no longer be included in contracts.	March 2016: The Tourism Director reported Tourism staff and their attorney began reviewing the contract templates in November 2015. They removed terms that were no longer necessary and enhanced others for clarity to improve program compliance. The revised contract templates will be presented to the TDC in April and to the City Council in May. Sept 2016: Auditors reviewed a few event files for documentation of contract compliance and noted some missing information. June 2017: Auditor reviewed an event file of each type. Staff has developed a deliverables checklist that is provided to the event producer when the contract is signed. As well, the post-event report is now required to be signed and requires submittal of canceled checks and advertising tear sheets. Booth availability is provided to the Communications office to route to City departments.	Implemented	<input checked="" type="checkbox"/>
3A	The Tourism and Events Director should consult with the Tourism Development Commission about updating the Event Development guidelines to clarify allowable uses of funding.	March 2016: Tourism Director reported that Tourism staff held a work study session with the Tourism Development Commission on March 15 regarding program eligibility and evaluation. Tourism staff will bring back draft program guidelines to the May 17 TDC meeting and to the City Council in June. June 2016: Tourism staff brought the draft guidelines to the TDC at its May 17 meeting and scheduled the final criteria for the Council on July 6. Sept 2016: Event Development guidelines were not updated as recommended. The Tourism Director indicated the improvements will be considered for next fiscal year. June 2017: Auditor reviewed the Event Development guidelines submitted to the TDC for approval, which were changed to provide that a minimum of 50% of funds awarded must be a cash expenditure on marketing while the remaining 50% can be for earned promotional value.	Implemented	<input checked="" type="checkbox"/>
3B	The Tourism and Events Director should submit events that are outside program guidelines for specific Council approval or update the program requirements so that they encompass the funded community events.	March 2016: The Tourism Director reported Tourism staff held a work study with the Tourism Development Commission on March 15 regarding program eligibility and evaluation. Tourism staff will bring draft program guidelines to the May 17 TDC meeting and will provide recommendations to the City Council in June. June 2016: The recommendations are now planned for a July Council meeting. Sept 2016: Community Event guidelines no longer have a specific attendance requirement, and the contract template states the event or portion of the event must be held in Scottsdale.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1605	Preserve Operations	Issued:	2/12/2016	
1A	The Community Services Division Director should ensure all direct staffing costs are budgeted and recorded in the Preserve Management cost center to facilitate analytical and information uses.	Sept 2016: The Community Services Director reported that they will work on establishing one Preserve Management cost center as the FY 2017/18 budget development begins. June 2017: The department stated the FY 2017/18 Preserve budget does not include the additional part-time FTEs (Preserve Director and Natural Resources Coordinator).	Not Impl'd	<input checked="" type="checkbox"/>
1B	The Community Services Division Director should ensure staff includes additional operating costs of new and expanded trailheads in cost projections, and develop workload statistics to evaluate the need for additional staff.	Sept 2016: Auditors confirmed that cost projections for the City Council in May 2016 included future operating costs of new trailheads. The Community Services Director reported that staff will continue to evaluate and update the cost model as workload statistics are refined during the budget process. June 2017: The department reported that the new plan is to add seasonal staff for the Preserve (November through April) rather than full time staff. Staff plans to present this proposal to the City Council for approval in fall/winter 2017. Sept 2017: The approved budget included adding 3 part-time seasonal employees to Preserve staffing for November through April. A possible endowment funding approach continues to be considered for future Preserve operating costs. If approved, a new cost model will be prepared.	In Progress	<input checked="" type="checkbox"/>
2	The Community Services Division Director should assign a Contract Administrator for the agreement between the City and the Conservancy to maintain documentation of related activities and ensure the annual report is received.	Sept 2016: The Community Services Director reported that he is now the Contract Administrator. Initial discussions related to potentially amending the current agreement are beginning with the Conservancy.	Implemented	<input checked="" type="checkbox"/>
3A	The Community Services Division Director should ensure the Preserve staff provides the City Treasurer's Office details of donated parcels within the Preserve so that they can be recorded appropriately in the City's capital asset records.	Sept 2016: Auditors confirmed there is now a process to coordinate with and provide documentation to Financial Services for recording acquisitions and donations.	Implemented	<input checked="" type="checkbox"/>
3B	The Community Services Division Director should propose an amendment to the Preserve Ordinance to establish a method for appeals, including having the appeals heard by an independent person or group, such as the City Manager or the McDowell Sonoran Preserve Commission.	Sept 2016: The Community Services Director reported that any conflicts with Preserve use decisions will be brought to the McDowell Sonoran Preserve Commission. Upcoming review of the Preserve Ordinance in 2017 will include an option for the Commission and Council to consider adding an appeal process. June 2017: The department reported that this remains the plan of action. Sept 2017: no additional information.	In Progress	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1606	Human Resources Compliance Programs	Issued:	6/9/2016	
1A	<p>The Human Resources Director should ensure the applicable report contains complete and accurate information to 1) monitor CDL and medical certificate expiration dates and renewals and 2) identify employees subject to FMCSA-required random alcohol and controlled substance testing.</p>	<p>Jan 2017:HR management reported that as of July 2016, HR analysts started a comprehensive review of 219 CDL positions and the associated job descriptions, pre-employment requirements, records management, and the 201 applicable medical certifications. Needed corrections that were identified are underway. FMCSA-required testing are now identified at the time of hire or promotion and documented in the TotalHR system. Tracking mechanisms (spreadsheet or TotalHR based) have been developed, HR analysts are responsible for keeping them up to date. and the data integrity is to be randomly checked. As well, standard operating procedures have been drafted and the Commercial Drivers License administrative regulation will be updated this fiscal year. April 2017: Auditor tested tracking spreadsheet by selecting 3 CDL employees and observing the supporting documents (CDL copy, evidence of medical certification and drug screening). Also verified this information to TotalHR data for completeness and accuracy. No exceptions found.</p>	Implemented	<input checked="" type="checkbox"/>
1B	<p>The Human Resources Director should collaborate with Risk Management to determine responsibilities related to FMCSA-required educational materials and supervisory training and the responsible department should ensure they are provided and documented.</p>	<p>Jan 2017: HR management reported that, starting January 1, all new hires and promoted employees requiring CDLs will receive the CDL administrative regulation. On March 1, all current CDL holders will receive the Federal Motor Carrier Safety Regulations Pocketbook, which includes an acknowledgement form to be returned and placed in the personnel files. HR will ensure names of newly hired and promoted supervisors over CDL positions are provided to Risk Management, who will determine which are required to attend the FMCSA training and ensure compliance. A TotalHR report has been developed to identify the supervisors of CDL holders. Auditors will test the described procedures for a future update. April 2017: Auditor observed CDL employees' signed acknowledgements for the pocketbook and administrative regulation. As well, the new hire tracking log lists the requirement to provide these documents and collect the signed acknowledgements. HR now notifies Risk Management of new CDL supervisors and Risk Management sends the required training link and tracks completed training.</p>	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1C	The Human Resources Director should ensure employees in CDL-required positions receive the required drug screening prior to performing their safety sensitive duties.	Jan 2017: HR management reported that HR analysts are verifying that all CDL drivers have received the required drug screening. A tracking spreadsheet is being used to track those positions and ensure the new hire/promoted employee obtains the required drug screening and medical exam prior to their initial start date/performing safety/sensitive functions, as applicable. April 2017: HR reported that its review identified 8 employees needing the required drug screenings and these were completed in January. The new employee checklist now requires documenting when required screenings occurred, and an HR analyst tracks requirements for those who have 6 months from hire to obtain the CDL.	Implemented	<input checked="" type="checkbox"/>
2A	The Human Resources Director should ensure job descriptions and the related documents are accurate and up to date.	Jan 2017: HR management reported that the Pre-Employment Requirements Spreadsheet (PERS) has been updated to reflect requirements of all applicable job classifications. HR staff will manually enter the PERS information in approximately 550 job descriptions by May 1, 2017, to ensure applicants and employees know the requirements of each classification. April 2017: HR reported that all 550 job descriptions were updated with standard language for the requirements. HR has limited access to edit job descriptions to two employees and requires the Director's approval for major changes. HR also now limits access to change the PERS matrix. Auditor tested two positions to verify that the job descriptions matched the PERS matrix.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2B	<p>The Human Resources Director should develop criteria for requesting pre-employment screenings of temporary agency contract workers. If pre-employment screenings are requested, require the results to be provided for assurance the placement is appropriate.</p>	<p>Jan 2017: HR management reported that the temporary agency will not provide the actual results for the temporary workers, but as of July 2016, the agency provides a verification that the worker has successfully passed the background screening process. HR staff determine the PERS screening for the contract workers that the agency is required to complete. HR will update the Contract Workers administrative regulation this fiscal year to outline the process. April 2017: HR staff uses the job descriptions most closely matched to the requirements for a temporary worker to identify pre-employment requirements. The third-party agency has provided a matrix of how it determines results for the various screenings and it reports results (pass/fail) to HR. The test reports are matched against the agency's billing. Auditor reviewed related documentation. The clarified process appears to be in place, and HR will be preparing a standard operating procedure to document the process and will update the related administrative regulation. June 2017: HR reported that a number of items need to be addressed so development of the AR and standard operating procedure is now anticipated to be completed by January 2018. Sept 2017: The AR and standard operating procedure are still planned to be completed in January 2018. May 2018: Auditors reviewed the draft AR 306 - Contract Workers and Temporary Employees and the related standard operating procedure (SOP). These documents provide guidance for pre-employment screenings. While the draft AR has not yet been finalized, the SOP is available on the City's intranet.</p>	Implemented	<input checked="" type="checkbox"/>
2C	<p>The Human Resources Director should develop criteria and provide guidance for requesting pre-employment screenings of contract instructors to ensure consistency.</p>	<p>Jan 2017: HR management reported that staff evaluated various types, circumstances and customer demographics related to use of contract instructors, then worked with the City Attorney's office and Purchasing to amend contract language and related documents to clarify allowable screening requirements. Staff also created a certification process for businesses that provide contract instructors to document that their employees, when applicable, must pass a background check according to the City's criteria. In addition, staff will document the criteria and process for contract workers' background screenings. April 2017: Auditor reviewed contract worker information, including screening criteria and the process, that HR now provides on the intranet for City staff.</p>	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2D	The Human Resources Director should develop criteria for requesting pre-employment credit checks as well as the applicable policy and procedures to ensure consistency.	Jan 2017: HR management reported that each job classification was reviewed to identify the primary duties and essential functions to determine the pre-employment requirements, with legal concurrence from the City Attorney's office. Positions identified for credit check requirements were on the basis of high-level authority or citywide finance authority. Auditors reviewed the updated list, which appears consistent.	Implemented	<input checked="" type="checkbox"/>
3A	The Human Resources Director should ensure comprehensive policies and procedures are developed for the CDL and pre-employment screening programs.	Jan 2017: HR management reported that the recruitment and selection standard operating procedures (SOP) have been updated to include tracking education, licensures, and certifications through a tracking spreadsheet. Other SOPs are in draft form and the CDL administrative regulation will also be updated this fiscal year to include an annual program review by HR staff. April 2017: Auditor reviewed the additional SOPs, including random drug testing, reasonable suspicion, draft CDL/post-accident testing, and recruitment and selection, which includes pre-employment screening. The Director noted that access controls now allow staff to view the completed SOPs but only she and one designated staff can edit them.	Implemented	<input checked="" type="checkbox"/>
3B	The Human Resources Director should ensure written policies and procedures governing the background screening system access are developed. These should include limiting access based on regular job duties and the "least privilege" principle.	Jan 2017: HR management reported that as of May 2016, user account access, other than one designated staff with administrative rights, was limited to being able to order background checks in the Shield Screening software. As well, when staff orders a background check, his/her name is now entered into the system and appears on the Shield Screening invoice for accountability. The Pre-Employment Background Check Process SOP was updated regarding system access. Auditors will verify user access documentation for a future update. April 2017: Auditor viewed the user access authorization in the Shield Screening system.	Implemented	<input checked="" type="checkbox"/>
3C	The Human Resources Director should ensure a centralized volunteer database is developed or procured to assist with program oversight, such as facilitating background checks as applicable. Further, HR management should finalize the standard operating procedures referenced in AR 308 Citywide Volunteer Program and make them available to the various departments using volunteers.	Jan 2017: HR management reported that the Volunteer Program SOP was completed and posted on the intranet in July 2016 to be available to all department volunteer coordinators. Rather than purchasing a database at this time, the citywide Volunteer Coordinator plans to annually compare a list of volunteer applicants provided by the department coordinators to a Shield Screening report of checks that have been run. The first review will take place in July 2017. June 2017: Auditors reviewed documentation of the Volunteer Coordinator's first volunteer background check review, completed in May 2017.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3D	The Human Resources Director should work with the Information Technology Department to ensure applicable email accounts contain appropriate security features to protect sensitive PII sent or received.	Jan 2017: HR management reported that there is no PII information sent to the applicants or that Shield Screening emails to HR. Auditors explained that applicants may submit PII, such as a drivers license, in background-related emails and security features would provide additional protection. April 2017: HR is working with IT to fully implement a secure email process. June 2017: The department has implemented the City's secure email process for sensitive documents.	Implemented	<input checked="" type="checkbox"/>
3E	The Human Resources Director should implement quality control procedures to ensure records are retained in accordance with record retention requirements.	Jan 2017: HR management reported that HR staff is updating the Administrative Services Records Inventory for HR records based on State Library, Records and Archives revisions dated July 18, 2016. Staff is also drafting a Records Management SOP this fiscal year. April 2017: For record types identified during the audit as differing, auditor observed that retention periods now set in the Document Management system and in the HR records retention schedule match the state retention requirements.	Implemented	<input checked="" type="checkbox"/>
1607	McCormick-Stillman Railroad Park Operations	Issued:	10/9/2015	
1A	Parks & Recreation Department management should ensure that the Contract Administrator monitors extension and renewal timelines to ensure that agreements remain current and are meeting the needs of the City.	March 2016: The Park's Operations Supervisor reported that staff is working with the City Attorney's office and the Scottsdale Railroad & Mechanical Society to draft an updated agreement. Updated license agreements with the model railroad clubs are in effect through June 2016. When these licenses expire, staff plans to have in place new 3-year agreements with two 1-year renewal options. Sept 2016: Auditors confirmed that new agreements with the model railroad clubs and the society were executed in July 2016. The club agreements include initial 3-year terms with additional 1-year optional extensions. The society agreement includes a 10-year term with additional 5-year optional extensions.	Implemented	<input checked="" type="checkbox"/>
1B	Parks & Recreation Department management should require that Contract Administrators not participate directly in the management of the third parties whose agreements they are administering, in accordance with AR 215 Contract Administration.	March 2016: The Park's Operations Supervisor reported that current park staff do not serve on the Society's Board. Auditors confirmed this by reviewing the Society's current Board roster.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1C	Parks & Recreation Department management should limit the number of key cards provided to third-party organizations to control access to the City building to those organization members with a need to access the building. Further, consider setting a maximum number of key cards per third-party organization in the next agreement.	March 2016: The Park's Operations Supervisor reported that staff intends to address club member access in the new longer term license agreements that are planned when the current licenses expire in June. Sept 2016: Auditors confirmed that the new longer term license agreements include language requiring the licensees to minimize the number of individuals with key access and to provide their names and report any changes to the Contract Administrator.	Implemented	<input checked="" type="checkbox"/>
1D	Parks & Recreation Department management should ensure the Contract Administrator maintains organized, complete contract administration files including records of all correspondence and other activities pertinent to the agreements.	March 2016: The Park's Operations Supervisor serves as Contract Administrator for the license agreements and will be for the Society agreement when completed. Auditors reviewed the electronic contract administration files that have been set up.	Implemented	<input checked="" type="checkbox"/>
2A	Parks & Recreation Department management should ensure the City Treasurer's Office is informed on a timely basis of capital assets donated to the McCormick-Stillman Railroad Park so that they can be recorded in the City's capital asset records.	March 2016: The Park's Operations Supervisor reported that staff has provided to the City Treasurer's Office a detailed list of donated assets for past years. The Society will report to Park staff annually and the information will be reported to the City Treasurer's Office. Auditors will follow up on the status of getting these assets recorded in the City's financial records. June 2016: Still in process. Sept 2016: Auditors reviewed emails and the City's fixed asset listing to confirm the Park has reported the required information to Accounting.	Implemented	<input checked="" type="checkbox"/>
2B	Parks & Recreation Department management should ensure Park staff develops and maintains a listing of historically significant or high risk items located at the Park, including identifying whether the item is owned by the City or loaned by a third party. Also, ensure staff performs periodic physical inventories to ensure the accuracy of the listing and to identify any losses.	March 2016: The Park's Operations Supervisor reported that staff has a draft asset management inventory form for historically significant assets. Auditors reviewed the draft inventory list. June 2016: The inventory list is still in process. Sept 2016: Auditors reviewed the museum inventory list. Park staff also reported the museum staff will check on certain items as part of their daily closing routine.	Implemented	<input checked="" type="checkbox"/>
3A	Parks & Recreation Department management should prepare a comprehensive cost analysis, including direct and indirect costs to determine the total cost to operate the Park. Additionally, rates and fees should be set based on a cost recovery strategy or at the market-acceptable rate to ensure the City receives reasonable compensation for the services it provides.	March 2016: The Park's Operations Supervisor reported that the Community Services budget staff will prepare a comprehensive cost analysis during the next fiscal year. Jan 2017: The comprehensive cost analysis has not yet been completed. Sept 2017: The division's senior budget analyst prepared a limited revenue, expense and cost recovery analysis for the Park.	Part Impl'd	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3B	<p>Parks & Recreation Department management should ensure all rates and fees are provided to Council for review and approval and then implement Council-approved rates and fees at the Park. Specifically, Parks & Recreation Department management should: *Determine if the 40% school group discount rate is appropriate and then submit to Council for approval as part of the annual rates and fees process. *Ensure rate and fee changes are accurately presented for Council approval and implemented in the point-of-sale system. * Work with Park staff to clarify how to apply the Commercial rate criteria. * Direct Park staff to clearly display all rates and fees on the Park's website and at the Park.</p>	<p>March 2016: The Park's Operations Supervisor reported that the discount will be included in staff's presentation to the Parks & Recreation Commission and Council during the rates and fees review process. Staff is working to ensure accuracy of rates and fees in the point of sale system, on the website, and at the park. They are also working to properly charge Commercial rates when applicable. June 2016: On May 17, the rates and fees presented to Council for approval included the fee discount and ramada rate correction.</p>	Implemented	<input checked="" type="checkbox"/>
3C	<p>Parks & Recreation Department management should ensure Park staff includes all carousel-related staff hours and payroll costs in calculating the carousel staffing cost deduction.</p>	<p>March 2016: The Park's Operations Supervisor reported that staff has been using current hourly rates and appropriate fringe benefit costs in the recent Society carousel reimbursement calculations. Auditors will review the calculations for the June update. June 2016: still in process. Sept 2016: The Park's new agreement with the Society changed the revenue sharing arrangement to pay the Society 17% of ticket revenues from the carousel, train, arboretum train and museum in return for the Society providing the Park certain equipment and attractions, park promotion and financial assistance.</p>	Not Applicable	<input checked="" type="checkbox"/>
3D	<p>Require proper accountability over transactions handled on the Society's behalf. Monies received on behalf of the Society should be recorded separately from City monies and deposited into the Society's account rather than the City's account. The number of Society membership cards issued should be reconciled to the related cash receipts. Voids or corrections should be documented and the cards retained, a witness should be present for any card destructions and cash donations should always be handled in dual custody.</p>	<p>March 2016: The Park's Operations Supervisor reported that the Society is collecting the donated monies. For customer convenience, memberships will still be collected onsite, deposited and paid to the Society through the quarterly carousel reimbursement. The Park and Society are developing a process to allow online purchase and renewal of Society memberships to minimize the amount collected by Park staff. June 2016: Improvements to reconciliations and controls are still in process. Sept 2016: The online membership module is being tested before it is implemented on the Park's website, and onsite kiosk will provide an additional alternative for customers to renew at the Park without City staff handling the payment. Jan 2017: The online membership module, which has been recently implemented, deposits the funds directly to the Society's account. This should minimize the amount handled by Park staff for the Society. Sept 2017: Auditors reviewed the reconciliation process for membership records, which is now performed monthly.</p>	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3E	<p>Parks & Recreation Department management should ensure that Park staff includes the associated payroll fringe costs in the Model Railroad Building staffing reimbursement calculations and prepares the reimbursement information timely. Further, Park staff should work with the City's Accounting staff to establish a receivables account for the Society's staffing reimbursements, including requesting that the payments be made payable to the City of Scottsdale and directed to the City's Remittance Processing address.</p>	<p>March 2016: The Park's Operations Supervisor reported that the associated payroll fringe was included in the most recent staffing reimbursement calculation. Staff worked with Accounting to establish an accounts receivable for the reimbursement, including that the payment be sent to the City's Remittance Processing address. Auditors will review the calculation and reimbursement for the June update. June 2016: This is still in process and will be reviewed for the next quarterly update. Sept 2016: Auditors reviewed the 4th quarter invoice for FY 2015/16 and confirmed these changes have been made.</p>	Implemented	<input checked="" type="checkbox"/>
3F	<p>Parks & Recreation Department management should evaluate how Park staff can maintain reliable perpetual inventory records, whether that is through obtaining trained support for the current system or using another method. In addition, require Park staff to periodically perform physical inventory counts so that variances can be investigated and resolved.</p>	<p>March 2016: The Park's Operations Supervisor reported that staff will be conducting the comprehensive physical inventory three times annually with the next inventory scheduled this month. Park staff is working with the Community Services technology team to identify a new point of sale system that will meet the Park's operational needs, including inventory management and efficient credit card processing. In the meantime, he reported they are working with the existing system to track and manage inventory as effectively as possible. June 2016: The resolution of identified March 30 inventory variances was not documented. Auditor selected 5 items to test count; small variances existed for 3 of these. Oct 2016: The new point of sale system was implemented in early October and it is expected to improve inventory management. Auditors will review progress in a future update. Jan 2017: Based on limited auditor testing, additional work is needed to improve accuracy of the new inventory management module. Sept 2017: Auditors reviewed two months' reconciliations and found staff is now able to reconcile physical inventories to Park records.</p>	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
4A	<p>Parks & Recreation Department management should require Park staff to work with the Community Services Division information technology staff and the City's IT Department to properly maintain the current point-of-sale system, including regular off-site backups of the park's accounting records and hardware and software support, documented system access policies and procedures, and change management policies and procedures.</p>	<p>March 2016: The Park's Operations Supervisor reported that staff is working with the Community Services technology team to identify a new point of sale system that will meet the Park's operational needs, including inventory management and efficient credit card processing. Staff intends to then connect the point of sale system with the City's accounting system to ensure offsite records backup and retention.</p> <p>June 2016: Park staff continues to work with IT staff to identify a POS that will meet the park's needs. They have reviewed demos over the past few weeks and plan to get a system in place this summer.</p> <p>Oct 2016: The new point of sale system was implemented in early October, and auditors will review this for a future update.</p> <p>Jan 2017: Park staff has worked with the City Treasurer's IT staff to implement the POS system which is regularly backed up to the City's network and makes data readily available for general ledger/accounting purposes. Currently, however, there were more than 10 system administrators authorized in the system. Access controls will be reviewed again in a future status update.</p> <p>Sept 2017: Auditors reviewed system access in June and it was appropriately limited.</p>	Implemented	<input checked="" type="checkbox"/>
4B	<p>Parks & Recreation Department management should request concurrence from the Information Technology Department and the Office of Communications if third-party website services are to be continued. Further, if concurrence is granted, City staff should ensure the website identifies the Park as City-owned and operated and that other content complied with City web standards.</p>	<p>March 2016: The Park's Operations Supervisor provided documentation of both IT and Communications concurrence for the separate park website. Further, he reported that Park staff is working with the Society on the launch of a new website, which will identify the park as City-owned and include the City logo. As well, Park staff has been working with City IT staff regarding the new website meeting City standards related to network security, website requirements, and site access and maintenance.</p> <p>June 2016: This is still in process as Park staff work with IT staff to ensure the new website will meet City standards.</p> <p>Sept 2016: Auditors reviewed the new website (therailroadpark.com) and observed the City logos and acknowledgement that the park is operated by the City.</p>	Implemented	<input checked="" type="checkbox"/>
5	<p>Parks & Recreation Department management should ensure Park staff completes the operations manual, including written procedures for Park maintenance inspections and documented management approval for staff discounts.</p>	<p>March 2016: The Park's Operations Supervisor reported that staff has drafted an operations manual, which is currently being reviewed and edited. Also, the Park is no longer providing staff discounts.</p> <p>June 2016: Auditors reviewed the updated operations manual. It provides direction on major job functions and references the City's AR 268 for cash handling requirements.</p>	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1608	Preventative Maintenance and Repair	Issued:	10/24/2016	
1	<p>The Public Works Division Director should ensure the Facilities Management department effectively uses the ARCHIBUS system to manage its PM program. Specifically, the department staff should develop data collection and quality control procedures to ensure appropriate, accurate and complete PM information is captured consistently in the ARCHIBUS system.</p>	<p>March 2017: Facilities Management staff reported they are developing data collection and quality control procedures. June 2017: Facilities Management reported the building and equipment inventory is complete and equipment has been associated with the related building. As well, an exception report notifies supervisors when employees have not entered 40 hours per week. Another system feature is in process that is planned to facilitate capturing supplies cost for each work order. These costs are not yet being reconciled to expense records. Sept 2017: Department staff are continuing to work to identify and implement data integrity procedures. As well, a consultant will be performing a Facility Condition assessment on selected buildings and staff is to learn from this process to assess remaining buildings so that key condition information can be gathered. The department indicated key fields should be defined by March 2018. May 2018: Facilities continues to work on draft policies and procedures. As part of the Facilities Condition assessment that is being conducted, staff is currently performing data integrity checks. Further, Facilities staff is working to create a checklist, templates and workflows. Sept 2018: The department reported that checklists are complete; policies and procedures and workflow charts are still underway. May 2019: In reviewing the department's new policies and procedures, auditors noted the documents are marked "draft" and are in a limited access file location. Department management confirmed these policies and procedures have not yet been shared with staff, but this can be completed at upcoming staff meetings.</p>	In Progress	<input type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2	The Public Works Division Director should ensure the Facilities Management department captures relevant, reliable data to conduct cost analyses to evaluate the cost-effectiveness of the preventative maintenance program and identify potential deferred maintenance needs.	March 2017: Facilities Management reported they are working to establish procedures to capture relevant, reliable data. June 2017: Facilities Management stated they are still in the process of determining what information will be necessary in order to use the system as a management tool. Sept 2017: The department reported that staff are working to capture relevant, reliable data. They and other Arizona facilities department staff have identified 53 IFMA performance measures and will be selecting a smaller number of measures to track for benchmarking with each other. May 2018: The department has contracted a Facilities Condition Index assessment, which is currently ongoing. Staff reviewed the initial assessment data and is developing a data quality report. Sept 2018: The department reported it is continuing the facility condition assessments and a quality control team verifies the data for each. Reports are being developed. May 2019: The department reported that 18 facility condition assessments have been completed between April 2018 and March 2019, but it has only completed the assessment reports for 2 of the 18.	In Progress	<input type="checkbox"/>
3A	The Public Works Division Director should ensure the Facilities Management department develops and documents a strategic plan for the preventative maintenance program. Further the Facilities Management department should work to develop and document comprehensive policies and procedures for the program to establish program expectations.	March 2017: Facilities Management reported they are developing a Strategic Plan along with policies and procedures. June 2017: Facilities Management stated their goal for completion is now October 2018. Sept 2017: The consultant's Facility Condition assessment and development of a Master Plan will be completed by June 2018. These will form the basis of a comprehensive strategic plan, which is anticipated to be completed between December 2018 and June 2019. The policies and procedures are expected to be completed in July 2018. May 2018: Facilities staff indicated the policies and procedures project is not yet completed. Sept 2018: The department reported this is still underway. May 2019: The department reported it has been working on policies and procedures but has not yet developed a written strategic plan for the preventative maintenance program.	In Progress	<input type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3B	<p>The Public Works Division Director should ensure the Facilities Management department uses ARCHIBUS to prioritize preventative maintenance tasks based on a documented risk model.</p>	<p>March 2017: Facilities Management reported that prioritizing preventive maintenance tasks based on a documented risk model is underway. June 2017: Facilities Management stated the department has received budget for Facility Condition Assessments and staff is in the process of developing a request for proposals. The assessment results, combined with a technician's assessment of risk factors, will provide the data needed to create a risk model and prioritized PM task list. Sept 2017: The department stated that it is evaluating the federal General Services Administration's Public Buildings Maintenance Standards Final as the basis for preventive maintenance task prioritization. May 2018: This is still in process. Sept 2018: The department reported that preventive maintenance tasks have been prioritized in ARCHIBUS. Auditors will review the department's process and results. May 2019: Auditors reviewed the department's completed preventative maintenance criticality ratings. Current ratings identify about 48% of tasks at 1 (high) and about 8% as 5 (low), with the remaining 44% being rated 2, 3 or 4. Some highly rated tasks, such as elevator and HVAC maintenance, appear appropriately designated, while others, such as window cleaning, did not.</p>	Implemented	<input checked="" type="checkbox"/>
3C	<p>The Public Works Division Director should ensure the Facilities Management department conducts a staffing analysis to determine if the department has the right mix of skilled trade positions for maintenance and repair service needs.</p>	<p>March 2017: Facilities Management reported that staffing analysis is underway. June 2017: The Facilities Management director indicated that position descriptions for other departments may sound like FM's but are different. They will work to clarify the FM position descriptions. Sept 2017: The department provided a draft staffing analysis and stated it will continue to conduct analysis to justify resources to handle the preventive maintenance program, along with repair, space planning and other services provided. The draft analysis continued to exclude the additional maintenance staff managed by other departments. May 2018: Auditors reviewed the final staffing analysis, which still only includes maintenance staff within the Facilities department.</p>	Part Impl'd	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3D	The Public Works Division Director should ensure the Facilities Management department measures timeliness based on all preventative maintenance tasks due.	<p>March 2017: Facilities Management reported that creating procedures to measure timeliness based on all preventive maintenance (PM) tasks due is in progress. June 2017: Facilities Management stated that all tasks that were canceled because of labor shortage were rescheduled before the end of the fiscal year. However, the canceled and rescheduled tasks are not yet specifically tracked. Sept 2017: The department reported that analysis is in progress, and staff will create procedures to measure timeliness based on all (PM) tasks due. May 2018: The department developed a new report to include all PM tasks that were due. For a future update, auditors will test whether the delayed PM tasks are properly included. Sept 2018: The department's reported FY 2017/18 performance measure, at 89%, continues to include scheduled tasks rather than all tasks that were due. Department technology staff confirmed that rescheduled tasks were excluded from the calculation.</p>	Not Impl'd	<input checked="" type="checkbox"/>
1609	Transit Service Contracts	Issued:	6/10/2016	
1	The Transportation Director should work with staff to complete program cost analyses with sound methodology and assumptions as the basis for transit-related business decisions. The up-to-date analyses should be provided to City Council to support decision making.	<p>December 2016: The department reported that for the FY 2017/18 budget, an analysis of the future Cactus route will be provided to the City Council by the Transportation Director. June 2017: The department did not provide an updated status. Sept 2017: The department did not provide an updated status. May 2018: Auditors reviewed the department's February 2018 analysis that was presented to the Transportation Commission. The analysis includes trolley and bus costs and cost per boarding, among other information.</p>	Implemented	<input checked="" type="checkbox"/>
2A	The Transportation Director should require future transit contract changes have a fully executed change order prior to allowing service changes. Further, all contract changes that result in a price change should be formalized and signed by both the vendor and the Contract Administrator. In addition, future contract change orders should be reviewed for accuracy prior to submitting them for City Council approval.	<p>December 2016: The department reported that the first contract change since the audit is currently being finished. June 2017: The department did not provide an updated status. Sept 2017: A contract change order for FY 2017/18 was not provided to the City Council for approval until August 28, 2017 although the City of Phoenix gave its approval in May 2017. The department indicated it had been short-staffed but is now fully staffed and will ensure change orders are completed timely. May 2018: The department provided the most recent change order for the trolley contract. The change order was signed by both parties in July prior to becoming effective in November 2017.</p>	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2B	The Transportation Director should ensure program staff timely request reimbursement for grants. Future grant contracts with Valley Metro should include the grant effective period to clarify the reimbursement eligibility period.	December 2016: The department stated grant reimbursement has now been assigned to one staff with oversight by the program manager. The City has not received any additional grants from this particular funding program. June 2017: The department did not provide an updated status. Sept 2017: Auditors reviewed a trolley preventative maintenance grant from the City of Phoenix, which did include the grant effective period. Jan 2018: Based on auditor review, reimbursement was requested and received timely for the trolley preventative maintenance grant.	Implemented	<input checked="" type="checkbox"/>
2C	The Transportation Director should ensure that future contracts include deliverable dates and penalties for non-performance. In addition, ensure contract change orders are completed prior to payment being made.	December 2016: The department reported that all contracts will now contain deliverable dates and non-performance dates. The VMS contract with city of Phoenix ,currently being developed, will have both. June 2017: The department did not provide an updated status. Sept 2017: Auditors reviewed the recent contract with the new trolley vendor, and this contract does include deliverables and non-performance penalties. Auditors reviewed a recent contract change order, which was not timely. The department attributed this to being short-staffed, but noted it is now fully staffed. May 2018: Auditors reviewed the recent trolley contract, which included deliverables and associated penalties. Further the most recent trolley contract change order was signed by both parties in July prior to its effective date in November 2017.	Implemented	<input checked="" type="checkbox"/>
2D	The Transportation Director should ensure staff maintainS a centralized contract administration file that is kept on the City's shared network drive where both contract administrators have access to the files and the information will be backed up nightly. Further ensure that the contract administrator is maintaining a complete file, requesting and maintaining all deliverables required in the transit contracts, and documenting relevant email and verbal discussions.	December 2016: The department reported that staff has nearly completed reorganizing all transit workgroup files with specific Grants administration and Contract administration folders. The responsible staff will be trained to file documents accordingly. Also, staff has begun to document relevant email and verbal discussions. June 2017: The department did not provide an updated status. Sept 2017: Auditors reviewed the network folder, which appeared to contain relevant contract documents and the responsible staff has been collecting related deliverable reports from the contractor.	Implemented	<input checked="" type="checkbox"/>
2E	The Transportation Director should ensure that reimbursement for ADA-certified Cab Connection trips is included in future Valley Metro contracts, when applicable.	December 2016:The department reported that staff has requested and Valley Metro will be addressing the ADA-certified trips in the next contract. June 2017: The department did not provide an updated status. Sept 2017: The July 1, 2017, contract amendment states RPTA will credit Scottsdale up to the pre-determined amount of ADA Public Transportation Funds for ADA-certified riders transported.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1610	Human Services Information Controls	Issued:	1/14/2016	
1A	Human Services Department management should ensure comprehensive policies and procedures are developed for securing PII collected, used, stored, shared and disposed.	Sept 2016: The Human Services Director reported that the managers have a performance goal to complete a PII policy manual for each center by April 2017. June 2017: The various Human Services areas have either completed or are in the process of completing site-specific policies and procedures, with completion expected by June 30. Sept 2017: All Human Services areas have completed site-specific policies and procedures. Department-level policies and procedures will also be developed.	Implemented	<input checked="" type="checkbox"/>
1B	Human Services Department management should require Human Services staff to evaluate the personally identifiable information being collected to ensure that only necessary information is collected and that collected information is protected. Further, consider developing a Human Services privacy statement along with relevant disclosures and security measures.	Sept 2016: The Human Services Director reported that the managers have identified all PII and are collaborating to define what is necessary for the various human services programs and services. Additionally, they will develop a uniform release of information statement. This project is expected to be completed by December 2016. June 2017: One area (Youth & Family Services) reported completing a PII review, while other areas reported a privacy statement is being developed. Auditors will review these for a future status update. Sept 2017: All Human Services areas had documented file reviews for PII. The department is also developing a privacy statement, which it will have reviewed by the City Attorney's office. May 2018: The department reported the privacy statement is still pending legal review. Sept 2018: The Human Services department reported staff is collecting only the minimum PII necessary to determine eligibility for services. All centers are using the same Privacy Disclosure form, although additional County or HUD forms may also be used when applicable. Client records are physically secured and electronic records are password protected. Access is limited to necessary staff. Training now occurs for new staff and annually.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1C	Human Services Department management should develop a program to provide awareness of PII protection requirements, an annual confidentiality statement and periodic training for all staff with access to PII.	Sept 2016: The Human Services Director reported that the training supervisor is developing PII awareness training that will be presented at monthly staff meetings of each center. Training is expected to be completed by December 2016. June 2017: Most Human Services areas have provided PII-related training to staff, although a training program has not yet been developed. Further, while some areas have developed their own confidentiality statements, there is not a consistent confidentiality statement for use department-wide. Sept 2017: Although a formal program has not been developed, all Human Services areas have provided staff with PII-related training. Some areas have developed site-specific confidentiality statements; the department is developing a department-level confidentiality statement.	Implemented	<input checked="" type="checkbox"/>
1D	Human Services Department management should ensure each Human Services area designates a records coordinator to assist with records management. Then require the records coordinators to (1) include all relevant Human Services records on the Records Inventory and Essential Records lists and (2) dispose of records in accordance with the established retention period, and document the destruction on a Certificate of Records Destruction to be filed with the City Clerk's Office.	Sept 2016: Auditors confirmed that each Human Services center now has a records coordinator and the Records Inventory has been updated. The Essential Records list remains to be updated. June 2017: Management reported that the Essential Records listing has been updated. Auditors will review the records listings and disposal documents for a future status update. Sept 2017: Auditors reviewed the updated records listings and document disposal certificates. Some Human Services areas have not documented a records disposal in more than a year, which indicates records retention reviews are needed. May 2018: no change. Sept 2018: Auditors confirmed that recent records disposal forms have now been filed for the remaining service areas.	Implemented	<input checked="" type="checkbox"/>
2	Human Services Department management should develop policies and procedures and employee training to appropriately address its physical security controls.	Sept 2016: The Human Services Director reported that access controls, protection of network assets and key inventories have been implemented. Policies and procedures will be completed by June 2017. Remodeling work underway at one center will improve the physical access controls over PII. June 2017: Based on observation, some Human Services areas have improved their physical access controls while improvements are still needed at others. Sept 2017: All Human Services areas have improved their physical controls over PII, and the department has requested the IT department to review physical security of network assets in their areas.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3A	<p>Human Services management should ensure that the Department, with the assistance of Community Services technology staff, (1) develops written guidance for granting and reviewing user system access, including maintaining records of the user access approvals and regular access reviews and (2) obtains security group access details from the CAMS vendor and reviews the user access rights to ensure appropriate segregation of duties and access based on the least privilege principle. Further, the Department should request staff access to CAMS be removed immediately upon their separation from the City or transfer to another department, and ensure the number of System Administrators for all Department systems is reduced to the minimum number feasible.</p>	<p>Sept 2016: The division's technology support staff has established a sharepoint work order system to formalize access changes, although they reported some are still requested by email. User group rights have been defined for CAMS. Due to system support needs, other systems' access rights still need to be reviewed. June 2017: While written CAMS policies were not provided, Human Services managers generally responded that staff has attended CAMS training and complies with related policies. Auditors will review this recommendation further with the department's technology support and management. Sept 2017: Written guidance has not yet been fully developed for granting and documenting CAMS access approval and regular reviews. May 2018: The department provided its written guidance related to CAMS and the vendor's security group detail. As well, system administrator access was limited.</p>	Implemented	<input checked="" type="checkbox"/>
3B	<p>Human Services management should ensure that the Department ensures access to network folders containing PII is limited to staff with a business need to access the information for their day-to-day job duties.</p>	<p>Sept 2016: The technology support staff reported that due to staff being crosstrained to work at different facilities, frequently changing folder access rights would be cumbersome. Technology support staff will be reviewing how to better organize and secure the shared network folders. June 2017: Auditors will review this recommendation further with the department's technology support and management. Sept 2017: The department's technology staff drafted a policy for network files storage. The Human Services areas reported they have reviewed and adjusted shared drive access rights. Auditors will review the updated access rights for the next status update. May 2018: Auditors reviewed the department's documentation of its review and update of access rights.</p>	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3C	<p>Human Services management should ensure that the Department, for any future system implementations, timely implements systems to ensure the City does not pay subscription and licensing fees for software that is not being used. Further, ensure technology staff develops a written implementation plan and documents related correspondence with the vendor, system testing results, system acceptance and other necessary system implementation activities.</p>	<p>Sept 2016: The Human Services Director stated technology support staff will ensure that future implementations of new systems are used in a timely manner. Technology staff indicated the CAMS implementation plans and related correspondence were primarily via email or on the vendor's shared folder. Further review is needed. June 2017: Auditors will review this recommendation further with the department's technology support and management. Sept 2017: The department technology staff has not yet developed guidance for implementation plans. Auditors will review this recommendation together with related recommendations to the City's Information Technology department in Audit No. 1708, Software Acquisition and Implementation. May 2018: The department provided its sample implementation plan and the IT department's new Project Manager is also developing templates and guidance for software acquisition and implementation projects.</p>	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1611	Cash Handling Controls and Accountability, FY 2015/16	Issued:	4/8/2016	
1A	<p>Division management should require compliance with AR 268 Cash Handling or request an exception from the Accounting Department. Specifically: (1) division management should require that employees perform cash balancing at the beginning and end of each shift and that dual custody is maintained and documented during cash handling processes. Further, limit cash drawer access to one employee at a time; (2) division management should ensure deposits are prepared daily before the start of the next business day and sent to the City's bank in accordance with the location's armored car schedule; (3) division management should require documented supervisory review of cash balancing documents and related void, refund and other unusual transactions; (4) division management should require staff to use dual-control safes properly, change combinations periodically or when authorized staff change, and limit the number of employees with safe access to the minimum that is operationally feasible; and (5) division management should require that all transactions are immediately recorded and monies are immediately placed in the register. Also, the cash handling locations without direct access to the City's cashing systems should work with the City Treasurer's Office to get access or redirect customer payments to Remittance Processing when feasible.</p>	<p>Sept 2016: Auditors found several locations have improved their cash handling processes and AR compliance. Other sites continue to work on establishing improved controls and accountability. June 2017: Auditors found that most locations have improved their cash handling processes and AR compliance. A few sites continue to work on becoming consistent with controls and accountability. Sept 2017: Ten of the 20 locations tested have implemented procedures in compliance with AR 268 Cash Handling related to cash balancing, daily deposits, documented supervisory review, use of dual control safes and timely recording. Auditors will continue testing at the remaining sites to validate their ongoing improvement efforts. May 2018: An additional 6 sites were in compliance with the AR requirements when tested on an unannounced basis. A cash handling audit will be included on the FY 2018/19 audit plan.</p>	In Progress	<input checked="" type="checkbox"/>
1B	<p>Division management should establish effective controls over cash handling, including (1) proper segregation of duties for receiving, reconciling and depositing cash transactions, (2) dual custody of mail and honor box receipts, (3) consistency in cash handling procedures and related forms and (4) record retention requirements for the related financial records.</p>	<p>Sept 2016: Auditors found several locations have improved their cash handling processes, while other sites continue to work on establishing improved controls and accountability. June 2017: Auditors found that most locations have improved their cash handling processes and AR compliance. A few sites continue to work on becoming consistent with controls and accountability. Sept 2017: Ten of 17 locations tested have successfully improved their cash handling processes and compliance related to segregation of duties, dual custody, consistency, and records retention. Auditors will continue testing at the remaining locations to validate their ongoing improvement efforts. May 2018: An additional 4 sites were found in compliance with these requirements when tested on an unannounced basis. A cash handling audit will be included on the FY 2018/19 audit plan</p>	In Progress	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2A	The City Treasurer should ensure Accounting staff provides regular cash handling training to enhance City staff understanding of and compliance with the requirements.	Sept 2016: Accounting reported staff has a performance goal to provide cash handling training in the second and fourth quarters of FY 2016/17 and is tasked with creating a computer based training module by January 2017. June 2017: Cash handling training was provided in December 2016 and January 2017. In addition, training was provided for Development Services in March 2017. The computer based training (CBT) module is still in progress. Sept 2017: The Accounting department provides periodic cash handling training, the most recent in September. The CBT module is still in progress. May 2018: In April 2018, Accounting made available the CBT module through Scottsdale University. Accounting notified City cash handlers that they are required to successfully take the training by December 31, 2018. If a cash handler does not pass the CBT test, he/she will be required to attend an in-person training session and retake the test. Further, passing the CBT will be an annual requirement.	Implemented	<input checked="" type="checkbox"/>
2B	The City Treasurer should ensure Accounting staff removes the requirement for unannounced verifications from AR 268 or ensure they are performed on a recurring basis.	Sept 2016: Accounting reported that AR 268 is scheduled for review and update this fiscal year and this requirement may be removed at that time. June 2017: This review is still planned to occur. Sept 2017: AR 268 has not been updated since July 2014, so this requirement remains in effect. May 2018: The Accounting Director reported that this AR is scheduled for review by fiscal year end. Auditors will review the status of this recommendation during next fiscal year's planned cash handling audit.	In Progress	<input checked="" type="checkbox"/>
2C	The City Treasurer should ensure Accounting staff communicates to the affected area when an AR exception is revoked and works with the area to develop effective controls and procedures to ensure compliance.	Sept 2016: Accounting reported that all approved and revoked FY 2016/17 exceptions were communicated to the departments by June 30, 2016. Auditors confirmed that the site notification date is now tracked for each exception request. As well, the cash handling sites provided justification and their compensating controls for the requested exceptions.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1614	SkySong Residential Rent	Issued:	2/11/2016	
1	Public Works staff should work with ASUF to obtain a revised Residential Rent calculation and associated payment that complies with Ground Lease definitions of Net Revenue.	June 2016: Real Estate staff is working with the City Attorney's Office to resolve with ASUF the issues identified by the audit. Sept 2016: Public Works reported that staff worked with ASUF to prepare revised Residential Rent calculations based on ASUF's additional revenue and expense explanations. Public Works and City Attorney staff concluded that no additional rent payments are required from ASUF.	Implemented	<input checked="" type="checkbox"/>
2	Public Works staff should work with ASUF to resolve these questioned costs and obtain a revised Residential Rent calculation and associated payment that complies with Ground Lease definitions of Net Revenue.	June 2016: Real Estate staff is working with the City Attorney's Office to resolve with ASUF the issues identified by the audit. Sept 2016: Public Works reported that staff worked with ASUF to prepare revised Residential Rent calculations based on ASUF's additional revenue and expense explanations. Public Works and City Attorney staff concluded that no additional rent payments are required from ASUF.	Implemented	<input checked="" type="checkbox"/>
1615	Northsight Blvd Extension Construction Contract	Issued:	10/24/2016	
1A	The Public Works Division Director should direct CPM to follow established contract guidelines for verifying certain types of costs.	March 2017: Auditor reviewed sections of the Project Management manual and an updated contract template. As yet, there have not been any recent contracts that implement the changes. Sept 2017: status remains the same. May 2018: Auditor reviewed two recent CMAR contracts, which did not clarify the cost, payment and evaluation terms for the apparent cost types. Sept 2018: Auditors reviewed a recent CMAR contract for preserve trailheads. Certain changes have been implemented, such as paying bonds and insurance at actual cost, setting the construction fee as a fixed fee, and distinguishing the Guaranteed Maximum Price from the Contract Price (which includes the City's contingency). For other changes, such as largely using lump sum terms, the benefit is less clear; such changes will be evaluated in future audits.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1B	The Public Works Division Director should direct CPM to evaluate current contract language regarding payment for subcontracted work and establish policies and procedures for approving payment.	March 2017: Auditor reviewed sections of the Project Management manual and an updated contract template, which includes a definition and use of buyout savings. As yet, there have not been any recent contracts that implement the changes. Sept 2017: CPM, with the City Attorney's office, has evaluated and updated the standard contract language. CPM also updated policies regarding cost verification before payment of cost-based items.	Implemented	<input checked="" type="checkbox"/>
1C	The Public Works Division Director should direct CPM to establish guidelines for evaluating proposed fees when negotiating contracts.	March 2017: Auditor reviewed updates to the PM Manual and contract template sections. While the manual states the CMAR fee may be a negotiated set price or a percentage, the contract template states it is a negotiated fixed fee. Auditors will review future clarifications. Sept 2017: The updated manual provides general guidance for the project managers to work with the client departments and construction supervisors in determining the construction fee.	Implemented	<input checked="" type="checkbox"/>
2A	The Public Works Division Director should direct CPM to seek reimbursement for any overpayments.	March 2017: Auditor reviewed the \$40,249.72 sales tax and bond cost refund that the contractor paid to the City. While auditors had estimated the sales tax amounts, the contractor compiled the actual amounts paid and reimbursed overcharges to the City.	Implemented	<input checked="" type="checkbox"/>
2B	The Public Works Division Director should direct CPM to seek reimbursement for overcharges in sweeping and overtime labor costs, and consider seeking reimbursement for the additional cost incurred by self-performing sweeping work.	March 2017: At this time, CPM has not recovered labor overcharges. Further follow up is pending. Sept 2017: CPM reported negotiating a settlement of \$4,736 for the estimated overpayment for sweeping labor. Payment has been received. The overtime labor costs were not refunded.	Part Impl'd	<input checked="" type="checkbox"/>
2C	The Public Works Division Director should direct CPM to establish procedures for verifying amounts spent through allowances.	March 2017: Auditor reviewed the updated PM Manual, which now requires supporting documentation for allowances.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3A	The Public Works Division Director should require CPM to establish policies and procedures for the maintenance and retention of contract-related documents.	March 2017: Auditor reviewed the updated PM Manual, which now states that solicitation documents are to be kept in the Document Management system. Other types of documents are not yet addressed. Sept 2017: The City Engineer stated the expectation is that all records will be retained in DM; however, the PM Manual still only references solicitation documents. May 2018: The City Engineer stated he will update policies related to this recommendation. May 2018: The City Engineer incorporated into the PM Manual the requirement that all documentation should be retained in the DM system after getting state approval for digital records retention for all except permanent records.	Implemented	<input checked="" type="checkbox"/>
3B	The Public Works Division Director should require CPM to establish guidelines for documenting procurement processes, changes to project scope and project close-out.	March 2017: Auditor reviewed the PM Manual update, which addresses documenting procurement and the change order log. However, additional areas are not yet addressed in the manual, including the updated contract template's more specific requirements. Sept 2017: The PM Manual has additional documentation requirements, although no further guidance was provided for close-out documentation and some project changes may only be captured in the final As-Built documents.	Part Impl'd	<input checked="" type="checkbox"/>
3C	The Public Works Division Director should require CPM to attach all relevant GMP proposal documents into the construction contract. At a minimum, all statements that intend to contradict the contract's terms and conditions should be submitted for legal review.	March 2017: Auditor review of the updated PM Manual. Additional review will be performed when new CMAR contracts have been executed. Sept 2017: status has not changed. May 2018: Auditor reviewed a recent CMAR contract, which had the GMP documents attached.	Implemented	<input checked="" type="checkbox"/>
1702	E-Verify Compliance FY 2015/16	Issued:	1/9/2017	
1	The Purchasing department should 1) provide direction to Contract Administrators to emphasize the E-Verify contract requirements at the start of each contract, including that contractors and any subcontractors are subject to random verification of compliance, and 2) work with the Contract Administrators and the City Attorney's Office to follow up with these contractors and subcontractors regarding the E-Verify documentation that was not provided during the audit.	June 2017: In February, the Purchasing Director notified Contract Administrators to ensure their contractors know they and their subcontractors are responsible for E-Verify compliance and that the City randomly audits this requirement. As well, the notification commented that contracts can be canceled for noncompliance. In April, this information was reiterated and clarified in New Fiscal Year Open PO training materials provided to budget liaisons and contract administrators. Through the contract administrators, the Purchasing Director notified the nonresponsive contractors of possible consequences, and they subsequently provided E-Verify documentation.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1703	Patrol Operations	Issued:	6/15/2017	
1	None.		Not Applicable	<input checked="" type="checkbox"/>
2A	The Police Chief should direct the department's Technology group to develop a detailed procedures for any testing conducted in a live system. The procedure should require test entries to be consistently identified, monitored and removed, if possible. In addition, the procedure should specify documentation and approval for any data modification or deletion.	January 2018: The department's Technology Services Section has developed a documentation and removal process, including a weekly reminder for assigned technology staff to review, remove and track I/LEADS test data. This tracking and removal process will be automated to eliminate the manual process. May 2018: CAD test data will not be deleted, but will be checked to make sure it is properly identified. Auditors reviewed recent reports and processes for identifying test data.	Implemented	<input checked="" type="checkbox"/>
2B	The Police Chief should ensure that the internal response time report is consistent with the department's dispatch practices and provides sufficient information for department management to address potential issues or improvements.	January 2018: The department reviewed and modified its internal report to be consistent with its dispatch and response practices.	Implemented	<input checked="" type="checkbox"/>
1704	Pavement Operations	Issued:	5/1/2017	
1	The Public Works Division Director should provide PCI standards, costs and comparisons to allow the City Council to provide direction and/or approve the City's PCI goal.	Sept 2017: Street Operations reported that the Council's CIP Subcommittee has added the cost of various pavement PCI levels to its future agenda items. This presentation, to be scheduled at the Subcommittee's direction, will likely then be discussed during the FY 2018/19 budget review process. May 2018: At the Council's October 17, 2017 meeting, the Public Works Director provided general information stating PCI was discussed in the CIP Subcommittee. Specifics were not yet provided regarding standards, comparisons or costs. Sept 2018: The Public Works Director provided a detailed presentation that was provided to the Council's CIP Subcommittee on November 9, 2017, which included information about PCI standards, comparisons and costs.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2A	The Public Works Division Director should ensure that Street Operations and/or Pavement Management staff establish regular communications with the relevant City departments to identify upcoming roadwork conflicts and minimize unexpected disruptions to the Annual Paving Plan and to enforce rules prohibiting excavation in newly repaved or resurfaced roads.	Sept 2017: Street Operations reported that they are communicating with Building Services staff through the permit process and inspection team. Auditors will review documentation of parties involved and frequency and content of communications for next status update. May 2018: The provided departmental communications did not include evidence of coordinating utility street cut information with the City's Utility Coordinator or planning staff. Sept 2018: The Street Operations director stated that the current Utility Coordinator was previously in Street Operations and communications between the areas are much improved.	Implemented	<input checked="" type="checkbox"/>
2B	The Public Works Division Director should ensure that Street Operations and/or Pavement Management staff work with Capital Project Management to develop formal notifications when road improvements are complete so that the pavement management system can be kept up-to-date.	Sept 2017: Street Operations reported that the Pavement manager is now attending Transportation CIP meetings to review planned and completed projects. Auditors will review documentation for next status update. May 2018: Auditors reviewed the project spreadsheets that Street Operations receives through the monthly project status meetings.	Implemented	<input checked="" type="checkbox"/>
3A	The Public Works Division Director should ensure that staff develops and documents comprehensive policies and procedures for the Pavement Management program.	Sept 2017: Street Operations stated a policies and procedures manual has been started, which it expects to complete by January 2018. May 2018: Auditors requested but have not yet received the updated Street Operations policies and procedures manual. Sept 2018: Auditors reviewed the policies and procedures manual, which contains the department's guiding principles and specific guidance for test methods and procedures, condition evaluation and maintenance activities.	Implemented	<input checked="" type="checkbox"/>
3B	The Public Works Division Director should ensure that staff develops policies and procedures to retain program records, such as changes to the Annual Paving Plan and PCI detail reports, for a specified period. Further, these documents should be added to the department's records retention schedule based on state established minimums.	Sept 2017: The annual and 5-year paving plans have been added to the Street Department's records retention schedule as permanent records. The policies and procedures manual, which is being developed, notes that planning table models and maps are to be preserved for ten years unless a records retention policy supersedes the requirement. However, the Department is not yet retaining detailed PCI reports. May 2018: Street Operations added the Annual and 5-Year Paving Plans to the records retention schedule as a permanent record.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3C	The Public Works Division Director should ensure Pavement Management inspector practices are aligned with those in other Public Works departments or document in department policy why the inspectors are needed onsite at all times with the contractors.	Sept 2017: The department is currently developing inspection requirements to align with the contracts. Anticipated completion is by January 2018. May 2018: Auditors requested but have not yet received the updated Street Operations policies and procedures manual. Sept 2018: The policies and procedures manual contains specific instructions for construction inspection requirements. In the guiding principles, the manual states that a full-time inspector shall remain on the job site at all times to ensure quality control is being met.	Implemented	<input checked="" type="checkbox"/>
3D	The Public Works Division Director should ensure that departmental operations and planning are not interrupted due to personnel changes or loss of staff.	Sept 2017: Street Operations reported that it is currently working on a succession plan for the Pavement Management Team. May 2018: Auditors requested but have not yet received the updated information. Sept 2018: The department's policies and procedures manual now lists the department's succession plan.	Implemented	<input checked="" type="checkbox"/>
3E	The Public Works Division Director should ensure that public meetings and supporting documents are posted timely to the City website in compliance with City regulations.	Sept 2017: During the audit, division staff changed procedures to comply with posting timelines for the Citizens' Bond Oversight Committee. Auditors reviewed marked agendas and agenda materials posted on the City website for all calendar year 2017 meetings through October 12.	Implemented	<input checked="" type="checkbox"/>
1705	Destination Marketing Contract	Issued:	11/14/2016	
1A	The Contract Administrator should evaluate whether planned performance standards are focused on Scottsdale benefit and propose contract clarifications for the next term. Specifically, consider requiring performance goals be based on the previous year's actual results unless there are known factors supporting lower expectations, such as a change in marketing emphasis.	June 2017: The draft contract going to the City Council on June 27 includes a clause that performance standards will be based on multiple factors, including SCVB's overall budget, prior year's performance, priority areas where funds will be deployed, economic and business cycles and staff/resource capacity. The proposed FY 2017/18 performance standards list includes narrative explanations. Sept 2017: The draft contract was removed from the June 27 Council agenda. The contract approved at the August 28, 2017, Council meeting requires performance standards to be based on multiple factors, and the new performance standards included additional explanation of factors considered.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1B	The Contract Administrator should evaluate whether planned performance standards are focused on Scottsdale benefit and propose contract clarifications for the next term. Specifically, consider adding a contract requirement that performance measures report separately on activities benefiting Scottsdale businesses and those including or primarily benefiting non-Scottsdale business. Additionally, require metrics to be defined, such as specifying unique inquiries and customer contacts. If the City's large recurring events are included in performance results, their impact should be separately identified.	June 2017: The proposed FY 2017/18 performance standards do not require separate reporting on Scottsdale-only performance measures. Instead, the contract-required performance standards being submitted to the City Council with the draft contract now state "Scottsdale market area" rather than "Scottsdale properties." Sept 2017: The draft contract was removed from the June Council agenda. The contract approved at the August 28, 2017, Council meeting provides for performance reporting for the "Scottsdale area" and does not require separate Scottsdale-only reporting. All of the metrics are defined and the new contract added performance standards for the Fiesta Bowl-related activities.	Part Impl'd	<input checked="" type="checkbox"/>
1C	The Contract Administrator should evaluate whether planned performance standards are focused on Scottsdale benefit and propose contract clarifications for the next term. Specifically, consider specifying that Scottsdale businesses, including nonmembers, are prioritized in promotional efforts and responses to inquiries.	June 2017: The draft contract being provided to the City Council on June 27 does not require that all Scottsdale businesses be prioritized in promotional efforts. However, it does include downtown Scottsdale and city-owned event venues in the marketing objectives and guides. Sept 2017: The draft contract was removed from the June Council agenda. The contract approved at the August 28, 2017, Council meeting does not address prioritizing Scottsdale locations or promoting all Scottsdale tourism-related businesses. However, it now specifically requires that the SCVB (Experience Scottsdale) assist the City in its efforts to promote Downtown Scottsdale and City-owned venues.	Part Impl'd	<input checked="" type="checkbox"/>
2A	The Contract Administrator should consider including additional terms in future destination marketing contracts, such as requiring that expenses that specifically benefit Scottsdale businesses be separately tracked otherwise expenses will be considered prorated based on funding proportion. Further, terms should be established related to maintaining a reserve from City Bed Tax dollars and its disposition if the contract is terminated or not renewed. Additionally, advertising or other materials paid for by non-Scottsdale funding should be identified when reporting results.	June 2017: The draft contract being provided to the City Council on June 27 does not address tracking Scottsdale funding or reserves that may remain. The most recent quarterly report, however, does note the use of some non-Scottsdale funding, such as Proposition 302 monies. Sept 2017: The draft contract was removed from the June Council meeting. The contract approved at the August 28, 2017, Council meeting does not require tracking use of Scottsdale funding or address the reserves. The most recent quarterly report denoted use of some non-Scottsdale funding for certain activities.	Part Impl'd	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2B	<p>The Contract Administrator should consider including additional terms in future destination marketing contracts, such as requiring that shared Bed Tax revenues pay the cost for the Fiesta Bowl agreement or that Scottsdale only contributes a proportionate share of the costs, including the value of in-kind police services.</p>	<p>June 2017: The draft contract to be provided to the City Council on June 27 requires the SCVB to present to the contract administrator a list of proposed marketing activities and expected number of bed nights, and to report back on the results within 90 days of the Fiesta Bowl. However, the draft contract specifies that additional funds will be provided for the Fiesta Bowl requirements (Fiesta Bowl Funds). Sept 2017: The draft contract was removed from the June Council agenda. The contract approved at the August 28, 2017, Council meeting included performance requirements for the Fiesta Bowl activities and provided that the City will fund half the annual cost and the SCVB to fund half.</p>	Implemented	<input checked="" type="checkbox"/>
2C	<p>The Contract Administrator should consider including additional terms in future destination marketing contracts, such as requiring that the contract addresses allowable types of costs that can be paid from Bed Tax funds, along with restrictions or guidelines on costs such as travel expenses, compensation and overhead. Additionally, require annual submittal of the IRS Form 990 in order to monitor those highest compensated positions for significant changes.</p>	<p>June 2017: The draft contract now requires the SCVB to provide its current procurement, travel and compensation policies, and to provide updated copies if any substantive changes are made. As well the draft contract requires Experience Scottsdale to submit its annual Form 990 to the contract administrator. Sept 2017: The draft was removed from the June Council agenda. The contract approved at the August 28, 2017, Council meeting requires the SCVB to submit its current procurement, travel and compensation policies, as well as any substantive changes made later, and to submit its annual Form 990. Additionally, the contract requires the SCVB to keep its non-program costs within a competitive range as determined by market conditions and its applicable policies. The competitive range is defined as the non-program costs of similar destination marketing organizations as indicated in the financial profile guide that is currently published approximately every other year.</p>	Implemented	<input checked="" type="checkbox"/>
2D	<p>The Contract Administrator should consider including additional terms in future destination marketing contracts, such as requiring that City of Scottsdale advertisements be included in its publications at no additional cost.</p>	<p>June 2017: The draft contract language now requires that the SCVB will provide the City a minimum of 4 half-page no-cost tourism-related advertisements in the visitor's guide and/or the meeting and travel planner's guides annually. Sept 2017: The draft contract was removed from the June Council agenda. The contract approved at the August 28, 2017, Council meeting requires that the City will receive a minimum of 4 half-page no-cost tourism-related advertisements for Downtown Scottsdale or City-owned events or venues in the visitor's guide and/or the meeting and travel planner's guide annually.</p>	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3A	The Contract Administrator should ensure the new destination marketing contract only includes terms that are necessary and will be enforced. For example, contract terms could instead require the marketing materials to be available for the Contract Administrator to periodically review at the Experience Scottsdale office.	June 2017: The draft contract no longer requires all marketing material be provided quarterly. Instead, the SCVB is required to provide 2 samples quarterly, and any additional sample materials that the contract administrator requests. Sept 2017: The draft contract was removed from the June Council agenda. The contract approved at the August 28, 2017, Council meeting no longer requires all marketing material to be provided quarterly. Instead, the SCVB is to provide 2 samples quarterly and any additional sample materials that the contract administrator requests.	Implemented	<input checked="" type="checkbox"/>
3B	The Contract Administrator should review and approve in writing Experience Scottsdale's procurement process at the beginning of each contract term.	June 2017: The draft contract now requires the SCVB to provide the procurement policy at the beginning of the contract period and whenever there are substantive policy changes made. Sept 2017: The draft contract was removed from the June Council agenda. The contract approved at the August 28, 2017, Council meeting requires the SCVB to provide the procurement, travel and compensation policies at the beginning of the contract period and if substantive changes occur later.	Implemented	<input checked="" type="checkbox"/>
1706	Commercial Solid Waste Operations	Issued:	5/2/2017	
1	The Public Works Division Director should re-evaluate the cost-benefit of continuing to try to implement the FleetMind system, without consideration of the sunk costs.	Sept 2017: Department management reported they are no longer pursuing the full scope originally intended for the FleetMind system. However, they are using the hardware and some software capabilities, so they continue to pay the monthly software license fees. Auditors will review the system's ongoing uses for the next status update. Jan 2018: No further information provided by the department. May 2018: Department management reported the system is being used as a GPS tool for vehicles' current locations. Also, the technology specialist now only spends approximately 40% of his time on this system (versus the prior 100%). The City has 1.5 years remaining on this contract, and during this time, staff will be researching other options. Sept 2018: The department reported that it has not found a product that works well for the municipal environment. Also, if they can't find a workable robust program, the department staff may reduce their expectations and pay only for technology that they will use. April 2019: The department reported it expects to complete the procurement selection process for a new tablet system in May 2019. May 2019: The department purchased a new solid waste integrated information system using a City of Tempe contract.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2A	The Public Works Division Director should annually evaluate the Commercial Solid Waste program separately from the Residential to ensure it is recovering its costs.	Sept 2017: Department management reported the Commercial program's profit and loss reporting is provided separately from Residential on a monthly and annual basis. Auditors will review the program's monthly analysis for the next status update. Jan 2018: The department reported that they will provide Commercial services at the current rates through this fiscal year and do the analysis to determine if full cost is being recovered. May 2018: Using an updated version of the consultant's model, the department analyzed Commercial Solid Waste separately from the Residential program.	Implemented	<input checked="" type="checkbox"/>
2B	The Public Works Division Director should re-evaluate the effectiveness of the current multiple container discount.	Sept 2017: Department management reported they will provide Commercial services at the current rates through FY 2017/18 and will do the analysis later this year. Auditors will review the department's analysis when available. Jan 2018: No additional information. May 2018: Department management explained there will not be a change to the multi-container discount in the coming fiscal year (2018/19). There are only about 10 to 15 multi-family accounts left, and their goal is to maintain rather than increase business.	Not Impl'd	<input checked="" type="checkbox"/>
3A	The Public Works Division Director should continue to perform financial analyses each year to identify when operational improvements are needed and to ensure that Commercial rates are recommended that will appropriately recover the program costs.	Sept 2017: Department management reported they will continue to perform financial analysis to ensure cost recovery and to seek ways to improve operational efficiency. Auditors will review the department's analysis when available. Jan 2018: No further information provided. May 2018: Using an updated version of the consultant's model, the department requested further Commercial rate increases. Auditors will review further use and refinement of the model.	In Progress	<input checked="" type="checkbox"/>
3B	The Public Works Division Director should include elasticity, market rate and fixed/variable cost analysis when analyzing future rates.	Sept 2017: Department management reported they will continue to include fixed and variable cost analysis and consider elasticity and market rates to the extent feasible. Auditors will review the department's analysis when available. Jan 2018: No further information provided. May 2018: The analysis was performed based on the consultant's model. It did not include elasticity, market rates or fixed/variable cost analysis.	Not Impl'd	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3C	The Public Works Division Director should include the Commercial recycling program cost and benefits as part of the community discussion in the Solid Waste strategic planning effort that is underway.	Sept 2017: Department management reported that the strategic planning process is ongoing. Jan 2018: No further information provided. May 2018: The Public Works director provided a strategic plan update for the City Council on March 6, 2018. The update reported that citizen outreach has shown that citizens value recycling and are willing to pay more for that to occur.	Implemented	<input checked="" type="checkbox"/>
4A	The Public Works Division Director should continue efforts to find operational improvements, including ensuring that program management continues improving the program's financial and operational controls.	Sept 2017: Department management reported they have implemented additional measures to improve financial and operational controls. Auditors have requested a list of these measures and will review for the next status update. Jan 2018: No further information provided. May 2018: The department reported it has completed reviewing Commercial accounts and containers. After adding every container to the City's LIS system, the GIS manager is working to use this and the billing system information for routing. Further, the department has reduced from 13 to 9 employees in the Commercial program and may be able to reduce further once routes are optimized. Sept 2018: The department provided no further update. However, the GIS Manager reported they have finished mapping the Commercial container locations and continue to work on whether they can help with route optimization. April 2019: The department reported it has purchased new routing software and are in the process of training with it. They anticipate implementation in two months.	In Progress	<input type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
4B	<p>The Public Works Division Director should continue efforts to find operational improvements, including evaluating the benefit of working to improve customer density in the Commercial program.</p>	<p>Sept 2017: Department management reported that going forward, each route will have a minimum number of accounts to ensure efficiency and profitability. As they work to define the various route boundaries, they will produce a cost/rate analysis for "out of zone" customers. Auditors will review this analysis when available. Jan 2018: The department reported that going forward each route will have a minimum number of accounts to ensure efficiency and profitability. As they work to define their routes and boundaries, they will identify and produce a cost/rate analysis for "out of zone" customers. May 2018: The department reported it has completed reviewing Commercial accounts and containers. After adding every container to the City's LIS system, the GIS Manager is working to use this and the billing system information for routing. After routing is completed, the department will review pricing for "out of zone" customers. Sept 2018: The department provided no further update. The GIS Manager reported that route optimization is proving more complicated than originally thought, but they are continuing to work on how to help. April 2019: The department reported it has purchased new routing software and are in the process of training with it. They anticipate implementation in two months.</p>	In Progress	<input type="checkbox"/>
4C	<p>The Public Works Division Director should continue efforts to find operational improvements, including requiring staff to coordinate with the contractor to identify scale weight differences to minimize billing differences. Further, require staff to accurately reconcile the landfill bill to the Transfer Station records prior to payment.</p>	<p>Sept 2017: Department management reported they have implemented additional procedures requiring staff to coordinate with the contractor to identify scale weight differences on a daily basis, including a line-by-line review when the monthly bill is received. Auditors will test these controls for the next status update. Jan 2018: Auditors reviewed the September 2017 reconciliations, which included staff notations regarding their follow up on and resolution of discrepancies.</p>	Implemented	<input checked="" type="checkbox"/>
4D	<p>The Public Works Division Director should continue efforts to find operational improvements, including establishing specific, measurable, attainable, relevant and time-bound (SMART) goals for the Commercial program.</p>	<p>Sept 2017: Department management reported that, as work continues on Commercial program efficiencies, they will develop baseline data to measure and help create SMART goals. Jan 2018: No further information provided. May 2018: Department staff reported that they will work to formalize current program goals for inclusion in the next budget book. Sept 2018: Auditor review of the FY 2018/19 Budget Book found the department's program goals unchanged.</p>	Not Impl'd	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
4E	The Public Works Division Director should continue efforts to find operational improvements, including requiring private waste haulers to provide quarterly reports.	Sept 2017: Department management reported that currently 25% of the private haulers comply with the requirement. They have developed a form to collect the information needed from the private haulers. In addition, the department is implementing compliance procedures for those that do not submit the reports. Jan 2018: No additional information. May 2018: The department reported that private hauler licenses and tags were sent out and the first quarterly report is due by April 30. The department is working with Tax and License to improve license issuance and reporting measures with a completion goal of next year's license renewal mailing. Sept 2018: The department reported that 75% of private haulers are now reporting. April 2019: The department reported that approximately 90% of private haulers have reported. Auditors have requested the reports to confirm progress for the next quarterly update. May 2019: Reports show that only 4 of 18 private haulers have reported (or 22%). Department management reported they are coordinating with Tax & License to have reminders sent and annual permits will not be processed until the reports are filed.	In Progress	<input type="checkbox"/>
4F	The Public Works Division Director should continue efforts to find operational improvements, including ensuring FleetMind data is added to the Solid Waste department's records retention schedule, and data retention and disposal complies with the approved schedule.	Sept 2017: The department reported that FleetMind data is stored on a City server that is set for 2-year retention. However, FleetMind data has not yet been added to the official retention record. Jan 2018: The records retention schedule has not yet been updated. May 2018: The department reported it will work to update its records retention schedule. Sept 2018: The department provided no further update but its retention schedule has not yet been updated. Auditors informed the City's Records Manager of this records retention recommendation. April 2019: The department plans to replace this system, but has not yet updated the records retention.	In Progress	<input type="checkbox"/>
1707	Benefit Claims Processing	Issued:	4/24/2017	
1	The Human Resources Director should ensure the identified errors are fully analyzed and corrected.	Sept 2017: Human Resources-Benefits stated that the contract administrator met with Cigna and the benefits consultant to discuss each claims issue and confirm that discrepancies and/or outstanding claims issues were resolved or paid appropriately. She agreed with the processing and no corrections will be requested from Cigna. One audit issue was addressed by updating the City's plan to allow a 90-day prescription supply to be purchased at certain retail pharmacies.	Part Impl'd	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2	The Human Resources Director should clarify the Summary Plan Description documents to address the identified gaps.	<p>Sept 2017: The Human Resources-Benefits contract administrator stated that the SPD is a general guideline and companies rely on their operating procedures and industry standards in conjunction with SPDs to administer the plan. Also, clarifying language concerning copays and supplies is scheduled for Council approval in November 2017. May 2018: The Benefits contract administrator indicated the City met with Cigna to ensure any independent business decisions made by Cigna's claims processors are communicated to the contract administrator. Auditors confirmed the updated SPD was approved by Council on November 28, 2017.</p>	Implemented	<input checked="" type="checkbox"/>
3	The Human Resources Director should ensure that the Contract Administrator monitors the Agreement's performance guarantees, contract extensions and other key terms and conditions. In addition, the Contract Administrator should ensure that Cigna pays for each performance guarantee that was not met.	<p>Sept 2017: Human Resources-Benefits reported that the contract administrator will carefully monitor performance guarantees for compliance and will receive the final fiscal year report each August. However, the FY 2016/17 report included only 4 of 10 performance guarantees. Auditors have requested a report including all performance guarantees. The contract administrator identified a contract term in a contract exhibit separate from the performance guarantees that provided that "any Plan-specific discount floor or dispensing fee cap" could offset any other in the contract. Thus, the City has agreed to terms that negate these individual performance guarantees. Auditors reviewed a copy of the extension letter signed for FY 2017/18. May 2018: For the prior year, Cigna paid the City \$100,490 for certain pharmacy performance guarantee results that were not met. HR provided the Cigna report for an additional 4 performance guarantees, along with documentation that another would not be required due to low City employee participation in the annual health assessments. One remaining performance guarantee is yet to be documented for the prior year. Sept 2018: HR's contract administrator indicated the remaining unreported performance guarantee is considered unenforceable as it is not clearly defined in the contract and HR will not pursue this guarantee in the future.</p>	Part Impl'd	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1708	Software Acquisition and Implementation	Issued:	3/13/2017	
1A	The Information Technology department should require the Project Management Office (or equivalent) to develop a strategy management template or expand the project charter template to incorporate the five strategy management elements, including current state evaluation, desired future state and strategy and action plan. Also, develop a completed sample that demonstrates the type of information to be provided.	Sept 2017:The IT Department Director reported that the City's only project manager retired and IT unsuccessfully tried to fill the position. A new recruitment opened in August and applications were being reviewed. May 2018: The new Project Manager updated the existing Project Charter template to include current state evaluation, desired future state, and strategy action plan. This template will be piloted, then a master template will be created. Auditor met with the IT Director - Network Operations and the new Project Manager to review the pilot Project Charter template and its use on two current projects.	Implemented	<input checked="" type="checkbox"/>
1B	The Information Technology department should require the Project Management Office (or equivalent) to provide strategy management training to information system support staff who serve as project managers and contract administrators for department software projects and the project teams.	Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The IT Director - Network Operations commented that a document is being developed to describe the phases/elements, which can be provided through Purchasing's contract administration training. This approach will be coordinated after the new Purchasing director is hired. Sept 2018: The IT department reported that it is working with Purchasing to provide more guidance to project managers and contract administrators on the software procurement process and the contract administrator's role. June 2019: The IT department reported that it plans to work with Purchasing on added guidance in the contract administration training. Their next meeting related to this is scheduled in July 2019.	In Progress	<input type="checkbox"/>
1C	The Information Technology department should require the Project Management Office (or equivalent) to review the strategy document and project charter for completeness and adequacy during the software acquisition phase before the solution is selected.	Sept 2017:The IT Department Director reported that the City's only project manager retired and IT unsuccessfully tried to fill the position. A new recruitment opened in August and applications were being reviewed. May 2018: The new Project Manager has updated the existing Project Charter template to include current state evaluation, desired future state, and strategy action plan. For future software RFPs, the Project Manager will review the project charter prior to final IT concurrence. Sept 2018: The IT department reported the new template has been used on 3 projects, which are at various stages in their lifecycles. Auditors reviewed one of the project charters, which contained the recommended elements.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2	The Information Technology department should require the Project Management Office (or equivalent) to: Update the project charter to clarify that benefits should include measurable improvements tied directly to stakeholder and/or organizational objectives. Require contract administrators to track benefits realization throughout the course of the project and report progress to the governance (steering) committee.	Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The new Project Manager has updated the existing Project Charter template to include current state evaluation, desired future state, and strategy action plan. This template is being piloted, then a master template will be created. Further, a document describing the project phases/elements is being developed and will be provided to contract administrators to ensure their roles are understood, including benefit realization tracking and reporting. Sept 2018: The department reported it is now working with the Purchasing director on this. June 2019: The department reported the next meeting related to this training is scheduled in July 2019.	In Progress	<input type="checkbox"/>
3A	The Information Technology department should require the Project Management Office (or equivalent) to provide guidelines for and oversight of the Acceptance Test Plan development and execution.	Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The document that is being developed to describe project phases/elements will include Acceptance testing as part of the checklist. Sept 2018: The tracking template has been developed and will become part of an overall Acceptance Testing template. The department is now working with the Purchasing director regarding the contract administrator role. June 2019: The department reported the next meeting related to this training is scheduled in July 2019.	In Progress	<input type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3B	<p>The Information Technology department should require the Project Management Office (or equivalent) to define responsibilities of the key roles in project oversight and governance, ensure they are established, and monitor progress, including status updates, deliverables acceptance and evaluation process.</p>	<p>Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The new Project Manager will be developing additional guidance and templates, which may take some time. Some of these are being tested and refined on current projects. June 2019: The Project Manager has created templates for key project documents and has been providing guidance to or managing recent software projects, including street operations software, solid waste routing software, learning management system and others.</p>	Implemented	<input checked="" type="checkbox"/>
4A	<p>The Information Technology department require the Project Management Office (or equivalent) to lead tasks in other IT project management areas, particularly monitoring and controlling processes, currently led by the contract administrator.</p>	<p>Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The IT Director - Network Operations indicated there are workload concerns due to IT internal projects as well as departmental projects. However, having the Project Manager provide guidance and oversight may be a viable option when direct lead involvement is not possible. Sept 2018: The IT Department Director indicated the department continues to work with several departmental projects, however, cannot address this finding in its entirety without additional staff.</p>	Part Impl'd	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
4B	<p>The Information Technology department should require the Project Management Office (or equivalent) to assist departments' IT project management by providing support: 1. Establish guidelines requiring use of a project charter at project initiation, 2. Develop a project risk management plan template with clear criteria for risk categorization and escalation and provide risk management training to contract administrators. As well, the PMO should assist in monitoring and responding to project risks. 3. Develop a quality management plan template that demonstrates well-defined quality management processes, roles and responsibilities, and performance measures. Review and approve the quality management plans and provide oversight of the quality of project deliverables. 4. Establish guidelines requiring the creation of a resource plan at project initiation. The plan should include an estimate of internal resource requirements and how the time spent on the project will be mitigated for regular City operations. 5. Establish an organizational change management plan template to be prepared by the project manager or vendor.</p>	<p>Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The new Project Manager is working on documents and templates to make available to departments. Estimated completion is March 2019. Sept 2018: The estimated completion remains March 2019. June 2019: The Project Manager has created templates and a few have been tested on a recent IT department project. The department plans to incorporate these into the purchasing process and agreed that making them available to departments through the Tech Partners group could be helpful.</p>	In Progress	<input type="checkbox"/>
5A	<p>The Purchasing department should retain software RFP evaluation materials in accordance with public records and record retention guidelines.</p>	<p>Sept 2017: Purchasing Director reported processes have been changed to maintain all original evaluation materials (for all RFP evaluations, not just software purchases). The retention period has been amended accordingly and RFP evaluation instructions updated. As well, this is being included in the Contract Administrators Academy training materials.</p>	Implemented	<input checked="" type="checkbox"/>
5B	<p>The Information Technology department should require the Project Management Office (or its equivalent) to work with the Purchasing department to incorporate performance standards into the RFP template.</p>	<p>Sept 2017: The IT Department Director reported that the City's only project manager retired and IT unsuccessfully tried to fill the position. A new recruitment opened in August and applications were being reviewed. May 2018: The new Project Manager will work with the new Purchasing Director, when hired, on this recommendation. Sept 2018: The department plans to work with the new Purchasing Director to update RFP language regarding vendor performance standards. June 2019: The department reported the next meeting related to this is scheduled in July 2019.</p>	In Progress	<input type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
5C	The Information Technology department should require the Project Management Office (or its equivalent) to work with the Purchasing department to establish standards for and review software market research prior to approving sole-source purchases.	Sept 2017:The IT Department Director reported that the City's only project manager retired and IT unsuccessfully tried to fill the position. A new recruitment opened in August and applications were being reviewed. May 2018: The IT Director - Network Operations agreed that this is an area where the IT department can provide a framework to guide contract administrators. This will be worked on with the new Purchasing Director, when hired. Sept 2018: The department plans to follow up on this with the new Purchasing Director. June 2019: The department reported the next meeting related to this is scheduled in July 2019.	In Progress	<input type="checkbox"/>
5D	The Information Technology department should require the Project Management Office (or its equivalent) to establish SaaS criteria and standards, and require the SaaS questionnaire to be included in the RFP evaluation process of each vendor's proposal.	Sept 2017:The IT Department Director reported that the City's only project manager retired and IT unsuccessfully tried to fill the position. A new recruitment opened in August and applications were being reviewed. May 2018: The SaaS questionnaire has been updated and included with Purchasing templates. IT will work with the new Purchasing Director, when hired, to improve the related processes. Sept 2018: The department plans to formalize this requirement with the new Purchasing Director. June 2019: The department reported the next meeting related to this is scheduled in July 2019.	In Progress	<input type="checkbox"/>
5E	The Information Technology department should require the Project Management Office (or its equivalent) to facilitate contract administration and improve oversight by assisting the contract administrator to: 1. Maintain a contract file that includes all contract-related documentation, including the approved deliverables. 2. Require the vendor to produce deliverable evaluation documents including agreed-upon acceptance criteria, prior to acceptance. 3. Hold an internal kick-off meeting after the vendor contract is signed, including the contract administrator and involved staff from the IT PMO, Purchasing, Legal and Risk Management.	Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The new Project Manager is working with current projects to develop and refine templates and guidance documents. Sept 2018: The IT Department Director believes the department cannot address this finding in its entirety without additional staff.	Part Impl'd	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
6A	The Information Technology department should require the Project Management Office (or its equivalent) to, during the proposal phase of the project, verify the vendor has a suitable SDLC.	Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: IT will work with the new Purchasing Director, when hired, to improve the related guidance and processes. Sept 2018: The IT Department Director indicated there are limited resources and if the Project Manager has time to work on areas such as this, he will. Currently, the department director believes there is not capacity to address this recommendation. June 2019: The department reported the next meeting related to purchasing/contract administration training is scheduled in July 2019.	In Progress	<input type="checkbox"/>
6B	The Information Technology department should require the Project Management Office (or its equivalent) to provide oversight for product testing and approve phase acceptance based upon a contractual checklist.	Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The IT Director - Network Operations indicated that, while staffing concerns remain, IT may be able to address this in the future. Sept 2018: The IT Department Director indicated the department is working with departmental projects but does not believe this finding can be addressed in its entirety without additional resources.	Part Impl'd	<input checked="" type="checkbox"/>
7A	The Information Technology department should require the Project Management Office (or its equivalent) to assist the contract administrator with monitoring maintenance and support service levels.	Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The IT Director - Network Operations indicated that, while staffing concerns remain, IT may be able to address this in the future. Sept 2018: The IT Department Director indicated that IT has limited resources and if the Project Manager has time to take on additional recommendations he will. But currently he believes there is not sufficient capacity.	Not Impl'd	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
7B	The Information Technology department should require the Project Management Office (or its equivalent) to assist the contract administrator with requiring vendors to provide a transition plan and execute it.	Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The IT Director - Network Operations indicated that, while staffing concerns remain, IT may be able to address this in the future. Sept 2018: The IT department indicated if City departments do not have technical staff with proper background, they should contract with the vendors to provide additional support.	Not Impl'd	<input checked="" type="checkbox"/>
1709	McDowell Mountain Golf Course Lease	Issued:	9/1/2017	
1	The Public Works Director should ensure Real Estate staff obtains documentation of the value of the required Licensee in-kind improvements.	Jan 2018: The Public Works Director stated staff was directed to work with the Licensee to obtain any documentation of the value of the improvements. No further information is available at this time.	Part Impl'd	<input checked="" type="checkbox"/>
1710	Capital Projects: Project Management and Allocated Charges	Issued:	9/8/2017	
1A	The City Engineer should at least annually, evaluate CPM staffing levels in relation to the capital projects that the department manages.	May 2018: CPM provided an analysis showing project managers have 24 projects on average. Of 3 vacant project manager positions, CPM has been approved to fill 2. This will result in an average 18.5 projects per project manager. Sept 2018: The City Engineer stated the staffing level analysis will continue to be evaluated in late August/early September. His most recent analysis identified an average of 18.97 projects per Project Manager.	Implemented	<input checked="" type="checkbox"/>
1B	The City Engineer should formalize and define the direct-bill performance standard for project managers. The City Engineer should review the performance results on a regular basis and evaluate whether the goal is effective and reasonable. Additionally, the City Engineer should report the percentage of total CPM costs to project costs as the efficiency measure in the budget book.	May 2018: The City Engineer provided a direct-bill percentage goal of 90% for project managers, which he will be checking biannually. For clarity, he also provided a sample calculation to show that the goal excludes personal time (such as vacation hours). The City Engineer also stated he plans to update CPM's performance measures before the budget book is published. Sept 2018: The City Engineer analyzed Project Managers' billable time, excluding leave time used, as 94%. However, the reported CPM cost percentage continues to only calculate allocated costs, excluding directly charged costs.	Part Impl'd	<input checked="" type="checkbox"/>
1C	The City Engineer should provide client departments with detailed data on the direct hours and payroll costs charged to their individual projects.	May 2018: Auditors reviewed the report developed for projects' salary charges and the March 2018 email distributing the report to department directors and other designated staff.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2	The City Engineer and CIP Coordinator should, during the annual budget process, estimate overhead costs for the fiscal year and how these costs would be allocated equitably to individual projects in proportion to the staff effort involved. These annual amounts could then be charged on a quarterly or monthly basis to cover actual expenses incurred. At the end of the fiscal year, adjusting entries can be made in order to ensure projects are expensed equitably and appropriate costs have been recovered.	May 2018: The City Engineer reported that he has been working with the CIP Budget Coordinator to evaluate the additional non-design and non-construction costs by project. They are analyzing the monthly, quarterly and annual application of costs to determine the best practice to use. Sept 2018: The CIP Coordinator reported there are no plans to change the CIP Allocation's use of budgeted amounts. The City Engineer reported that the CPM Allocation will be charged on a quarterly basis, the same timing as the CIP Allocation.	Part Impl'd	<input checked="" type="checkbox"/>
1803	Intelligent Transportation Systems	Issued:	5/9/2018	
1A	The Traffic Management Center should work with the Information Technology (IT) department to review roles and responsibilities for technology management activities, identify potential security risks and options for minimizing those risks. In particular, the TMC should request that the IT network vulnerability scans include the ITS network and devices.	Sept 2018: Department staff reported they are working with IT department staff to include the traffic network in the periodic vulnerability scans and are currently testing the process. The risk assessment has not yet been completed. June 2019: The department reported the test scan was successful. Full implementation has been put on hold while the department is restructuring the device network to further segment it.	In Progress	<input type="checkbox"/>
1B	The Traffic Management Center should establish policies and procedures relating to TMC physical and user access to workstations, servers and applications to minimize the risk of unauthorized changes or disruptions.	Sept 2018: The department staff reported reducing the number of personnel with TMC door access and system access. They also reported no longer having shared user and generic accounts; instead they manage individual account access. Further, they stated user activity will be reviewed every six months and inactive accounts removed. Auditors will review documentation of access changes for the next status update. June 2019: The department reported that centrally controlling user accounts and passwords has not been possible, and they will consult with the IT department regarding a potential solution. The user privileges report has not yet been received for evaluation.	In Progress	<input type="checkbox"/>
1C	The Traffic Management Center should identify and assess potential risks and create a plan to reduce those risks, including developing business continuity and disaster recovery plans.	Sept 2018: The department staff reported that disaster recovery planning is still in process, including developing emergency fiber repair policy and procedures and archiving the TransSuite databases weekly. June 2019: The department staff reported that emergency planning and the business continuity plan should be completed this month. The IT department is assisting with backup/recovery capabilities. Some additional testing remains to be done.	In Progress	<input type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2A	The Traffic Management Center should develop and document policies and procedures, such as standard operating procedures for TMC operations, adopted industry standards and documentation of network architecture.	Sept 2018: The department reported several policies and procedures are currently in development related to TMC operations, such as emergency response and congestion management, signal outages and malfunctions, and signal timing standards. June 2019: The department reported some policies and procedures have been completed with more in process.	In Progress	<input type="checkbox"/>
2B	The Traffic Management Center should ensure formal agreements are established and monitored, including service level expectations such as downtime limits, maintenance windows, issue response time. Also, the TMC should follow the City's established procurement review processes for all new applications.	Sept 2018: The department staff reported they are working with the primary vendor to renew the maintenance and technical support service contract. The relationships with the other two vendors are being reviewed due to changes that have occurred. One vendor is no longer supporting its application and the second vendor now wants to charge for use of its application. Data access was terminated for the second vendor. June 2019: The updated management agreements have been drafted and are undergoing legal review.	In Progress	<input type="checkbox"/>
2C	The Traffic Management Center should develop strategic planning documents to clearly identify objectives, outcomes, and strategies to guide TMC day-to-day operations and ITS long-term objectives.	Sept 2018: The department staff reported they are planning to develop an ITS Strategic Plan to outline the direction and goals of the program and TMC operation. They noted that the ITS industry is rapidly changing due to connected vehicles and other emerging technology, and so the longer-term plan may need to be high level. The department is working to get IT approval to implement a better work order system, currently being used in Pavement Operations, to track and manage assets, work orders and maintenance. June 2019: The department reported this project remains pending.	In Progress	<input type="checkbox"/>
1804	Selected JOC Construction Contracts	Issued:	6/15/2018	
1A	The Public Works Director should require CPM to develop and enforce standard procedures for job order proposal review and approvals. Specifically, CPM should: 1. Ensure that either the staff estimator or a contracted estimator submits a cost estimate for comparison to the contractor's project cost proposal., 2. Obtain and evaluate the contractor's subcontractor selection plans and subcontractor quotes, and monitor and approve any changes to the approved subcontractors and suppliers. ..., 3. Develop cost proposal evaluation guidance, such as standards that describe which costs are typically direct project costs and which should usually be part of the contractor's overhead and profit fee.	Sept 2018: CPM reported that staff is working to standardize the proposal format to better present cost information for evaluation. As part of this, they are reaching out to Valley peer cities for what they use. CPM is trying to use subcontractor and supplier costs "grossed up" to include taxes, insurance and bonds for better comparison while making it easy to use. There is currently not an in-house estimator, and for specialized areas such as water projects, CPM relies on the project engineers for cost evaluation. May 2019: Auditors selected 3 FY 2018/19 JOC projects and found limited documentation of cost proposal evaluations. One of the 3 cost proposals contained a \$3,300 math error (in the contractor's favor) that was not identified and corrected. The City Engineer agreed and will investigate further.	In Progress	<input type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1B	The Public Works Director should require CPM to ensure that all necessary approvals are obtained and documented prior to creating a job order contract or adjustment.	Sept 2018: CPM reported that it has updated the Job Order adjustment form to include the partner department signature. Currently the approvals needed include the Project Manager, CIP Coordinator, Partner department and City Engineer. While the form has been updated, the project management manual has not yet been updated to describe the required approval process and to incorporate the estimator's role in proposal evaluation. May 2019: The project management manual has been updated to incorporate the estimator review. Because this position has been vacant, however, the 3 selected JOC cost proposals were not reviewed by an estimator and the Construction Admin Supervisor reviewed only 2 of the 3. The Project Manager and partner department representative reviews were documented as required by the project management manual.	In Progress	<input type="checkbox"/>
1C	The Public Works Director should require CPM to submit for required approvals any job order projects that give the appearance of split projects.	Sept 2018: CPM reported that they are watching closely for this when considering projects in early development and will not use a JOC contractor if project costs are too close to the limit. Further they are being more careful when doing two projects at the same location to ensure there is not overlap in the work.	Implemented	<input checked="" type="checkbox"/>
2A	The Public Works Director should require CPM to obtain and evaluate the contractor's subcontractor selection plans and monitor and approve any changes to the originally proposed subcontractors and suppliers.	Sept 2018: CPM reported that inspectors monitor project process and will note any deviations in subcontractors or planned quality. The inspector daily reports are sent to the Construction Admin Supervisor and the Project Manager and discussed in biweekly meetings with the contractors. Auditors will test this documentation for a future update. May 2019: Auditors selected 3 FY 2018/19 JOC projects for review. The daily inspection reports noted one change in subcontractor, but the project file did not contain approval documentation.	In Progress	<input type="checkbox"/>
2B	The Public Works Director should require CPM to document that all necessary contractor pay request approvals are obtained prior to payment. Also ensure appropriate segregation of duties by requiring a secondary review and approval and ensure that signature authority is not exceeded.	Sept 2018: CPM reported staff has been directed to formalize their approval of all pay applications. Previously, Inspectors and the Construction Admin Supervisor would give verbal approval. The JOC Coordinator is to not proceed with the payment application until all reviews and approvals have been obtained. Auditors will review documentation for consistent application of these procedures for a future update. May 2019: Auditors selected 3 FY 2019 JOC projects for review and supporting documentation of approvals was available.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2C	The Public Works Director should require CPM to ensure the contractors submit bond certificates and maintain sufficient bond coverage.	Sept 2018: CPM reported staff has added tracking information for performance bonds as work orders and adjustments are created, prior to execution of the documents. However, the tracking spreadsheet details can be more specifically labeled so that the information is not misunderstood as remaining contract balances. May 2019: Auditors selected 3 FY 2018/19 JOC projects and found CPM was properly tracking the contractor bond balances.	Implemented	<input checked="" type="checkbox"/>
2D	The Public Works Director should require CPM to ensure that job order adjustments are appropriately calculated prior to approval.	Sept 2018: CPM reported that job order adjustments are reviewed by multiple staff to ensure they are accurate. Auditors will review recent job order adjustment documentation for a future update. May 2019: Auditors selected 3 FY 2018/19 JOC projects and found the job order adjustments were correctly calculated and approved.	Implemented	<input checked="" type="checkbox"/>
2E	The Public Works Director should require CPM to ensure that all required close-out documents are received prior to the contractor's final payment.	Sept 2018: CPM reported that the JOC Coordinator is responsible to ensure that all close-out documents are received before processing the final payment. Also, the Construction Admin Supervisor will only sign the Final Acceptance if the work has been completed and all close-out documents received. Auditors will review project close-out documents for a future update. May 2019: Auditors selected 3 recent FY 2018/19 JOC projects to see implementation of the policy change; however, only 1 was completed. Additional project documentation will be reviewed for the next status update.	In Progress	<input type="checkbox"/>
3	The Public Works Director should require CPM to establish policies and procedures for the maintenance and retention of contract-related documents.	Sept 2018: CPM reported the records retention policy has been approved to allow digital storage of project records and this information has been provided to CPM staff. The JOC Coordinator will check for all job order contracts, adjustments, pay apps and closing documents. Auditors will review records retention on a recent project for a future update. May 2019: Auditors selected 3 FY 2018/19 JOC projects for review. Applicable supporting documentation for review and approval of the pay applications and close-out items was available.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1805	Miscellaneous Expenses	Issued:	3/9/2018	
1A	The City Manager should work with the City Treasurer to move the non-capital asset requirement to a more appropriate administrative regulation. Further, consider requiring applicable departments to maintain a list of tools and equipment assigned to each employee, location, or assigned vehicle and to label items as City of Scottsdale property. Also require departments to comply with the existing requirement to periodically inventory high-risk non-capital items.	Sept 2018: After input from operating departments, the City Treasurer's office developed a separate Non-Capital Assets administrative regulation (AR 227) which has been shared with the executive team and through the June 2018 Accounting Department monthly memo. The AR addresses policies and procedures for managing non-capital assets, including maintaining a listing and conducting a periodic inventory at least annually.	Implemented	<input checked="" type="checkbox"/>
1B	The City Manager should request the City Treasurer's Accounting department to provide guidance to assist City staff in distinguishing between Small Tools & Equipment commodities, capital assets and supply expenditure categories.	Sept 2018: While new guidance was not provided, the Accounting Department issued a monthly memo in June 2018 with a link to expenditure account descriptions and encouraging staff to contact the department for any questions.	Part Impl'd	<input checked="" type="checkbox"/>
2A	The City Manager should direct the Purchasing department to conduct an analysis of office supplies contract alternatives to provide assurance that the City is receiving the best value. Additionally, require the contract administrator to request the quarterly price lists and Pricing Compliance Reports and spot check pricing.	Sept 2018:Purchasing reported staff is conducting a 2-phase analysis of office supplies providers. First, they are analyzing available cooperative contracts to determine which suppliers best match City needs. This phase is expected to be completed by November 19, 2018. Second, Purchasing will conduct a best value analysis based on a market basket of comparable products commonly ordered, online system functionalities, and delivery services. This phase is expected to be completed by January 31, 2019. May 2019: Purchasing is working to updated the office supply contract. The department has identified three primary providers available through five cooperative contracts. By July 31, the department plans to complete a price analysis of commonly purchased items to identify the City's best value from among the available contracts.	In Progress	<input type="checkbox"/>
2B	The City Manager should direct Budget to include per-employee costs analysis when reviewing office supply budgets. This analysis should consider cost factors such as breakroom supplies and printer toner for standalone desktop printers.	Sept 2018: Purchasing reported action on this recommendation will depend on whether the previous (2A) analysis will assist with developing per-employee cost data. May 2019: Budget reported creating a report that calculates office supplies per FTE and can be summarized by division, department or center. These reports were reviewed during the FY 2019/20 budget development, with budget analysts contacting departments for further information as needed.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2C	The City Manager should direct the Purchasing department to analyze the benefit of a citywide Amazon.com business account with the associated Prime service.	Sept 2018: The Purchasing department has established a citywide Amazon business account. Use of this account is being implemented on a test basis with selected procurement card holders on October 31, 2018 before being rolled out to all procurement card holders. Feb 2019: In November 2018, Purchasing notified all procurement card holders of the Amazon business account availability and related training and informed them to not use any other Amazon account for City purchases.	Implemented	<input checked="" type="checkbox"/>
1806	WestWorld Marketing & Concession Contracts	Issued:	1/17/2018	
1A	The WestWorld General Manager should require the vendor to incorporate more data and research-based analysis, including a complete pricing analysis, to support the marketing plan's conclusions and strategies. Further, City staff should work with the vendor and other stakeholders to address challenges, such as private-use limitations. The City Manager should consider establishing additional reviews and input to help ensure that the WestWorld marketing plan's objectives and strategies are aligned with City goals.	June 2018: WestWorld management indicated an updated and more detailed plan is to be submitted by the marketing contractor in July 2018. Sept 2018: WestWorld management indicated the contractor submitted an updated plan in August 2018 for FY 2018/19. However, until they find out if the contract is to be extended, the contracted firm has not made substantial changes. Based on auditor's review, the August 2018 plan resembles previously submitted marketing plans, with little change to the data and research. For example, the capacity analysis appears flawed and largely focused on weekend activity. The City issued a separate contract for business plan development. June 2019: WestWorld management stated the FY 2019/20 marketing plan is in process and should soon be finalized.	In Progress	<input type="checkbox"/>
1B	The WestWorld General Manager should require the vendor to complete the marketing activities described in the contract.	June 2018: WestWorld management responded that discussions regarding the contract are in progress. Sept 2018: WestWorld management indicated the updated marketing plan was submitted in August 2018, but the contracted firm has not performed the additional required marketing activities because the contract may not be continued. June 2019: WestWorld management reported there has been little change in these specified activities. The annual report has not yet been filed, but he will request it from the contractor.	In Progress	<input type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2A	The WestWorld General Manager should ensure accurate event and concession revenues and event expenses are recorded rather than using the subcontractor fees to pay event losses.	June 2018: WestWorld management responded that his staff can work with the Treasurer's office to determine how to handle these. Sept 2018: According to WestWorld management, together with the Budget office, they have put a process in place and any credits will be issued by check rather than reducing the event producer's invoice. Based on auditor reivew, no event credit checks have been issued yet. June 2019: Auditors reviewed documentation of a recent event's credit blance being issued as a refund check.	Implemented	<input checked="" type="checkbox"/>
2B	The WestWorld General Manager should ensure the Food & Marketing and Monterra agreement use fees are enforced or modifications are properly formalized and approved.	June 2018: Auditors confirmed that WestWorld management discontinued paying interest on the security deposit and for liquor license enforcement costs.	Implemented	<input checked="" type="checkbox"/>
2C	The WestWorld General Manager should consult with the City Attorney's Office about questions regarding the determination of Gross Food Sales.	June 2018: Auditors confirmed WestWorld management is now requiring appropriate fees on the cash bar sales. Management stated other fees will remain the same while this is being reviewed with the City Attorney's office. Sept 2018: As a temporary solution while WestWorld's future business plan is being determined, the WestWorld management and the City Attorney's office will modify the standard event contract to exclude from concession fees the other revenues of the sublicensee produced events. Longer term, the conflicting Food & Marketing contract provisions will need to be addressed if the contract is extended. June 2019: WestWorld management provided 2 clauses added to the standard event contract template to address events produced by the marketing contractor or concessionaire. However, these clauses do not yet clarify how the contract terms apply to other related revenues.	In Progress	<input type="checkbox"/>
2D	The WestWorld General Manager should consult with the City Attorney's Office regarding contract clarification for contractor-produced events.	June 2018: The WestWorld General Manager reported he is working with the City Attorney's office on clearer, more defined terms. Sept 2018: This is still in process. June 2019: WestWorld management provided 2 clauses added to the standard event contract template to address events produced by the marketing contractor or concessionaire. However, management has not yet clarified how conflicts of interest will be avoided in scheduling and contract terms.	In Progress	<input type="checkbox"/>
3A	The City Manager should request Human Resources to review the potential ethics issue.	June 2018: The City Manager referred this matter to Human Resources, the department charged with reviewing such issues.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3B	The Contract Administrator should ensure contractual timelines are met and equipment inventories are updated annually and submitted.	June 2018: WestWorld management reported that they will begin paying the base marketing fee in quarterly installments in the new fiscal year (July 2018). They have not yet determined how to handle the percentage marketing fee. The equipment inventory was provided but additional information is needed to comply with the contract. Sept 2018: The base marketing fee is now being paid in quarterly installments. WestWorld staff has not yet determined how to implement timely payment of the percentage marketing fee. The equipment inventory has been updated with additional, though not all, required elements.	Part Impl'd	<input checked="" type="checkbox"/>
3C	The Contract Administrator should ensure contracts and reports to City Council contain accurate information.	June 2018: Auditors reviewed the Council report for a recent event contract; the report provided complete information for this small event. Sept 2018: Auditors reviewed a recent Council report (September 25, 2018) for an event contract. WestWorld management noted for informational purposes the prior year's base use fee, ticket surcharges, commissions, invoice credits and total for the event. However, based on auditor review, supporting documents indicate that the reported event invoice amounts did not reflect the invoice credits and the realized event total was about 10% lower than reported. June 2019: On June 11, 2019, Council approved Ordinance 4399 authorizing the City Manager to execute WestWorld agreements with terms of 5 years or fewer. As a result, few contracts are likely to need staff reports to the City Council.	Not Applicable	<input checked="" type="checkbox"/>
3D	The Contract Administrator should work with the City Attorney's Office to review the vendor's use of the WestWorld name to ensure that the vendor's role is not misrepresented.	June 2018: WestWorld management indicated the contract is being discussed, along with the ongoing business plan development. Sept 2018: still in progress. June 2019: WestWorld management reported that the contractors make it clear to customers that they are contractors. Auditors reviewed email signature for one representative to confirm the company's name was in the signature line.	Implemented	<input checked="" type="checkbox"/>
3E	The Contract Administrator should review current processes for verifying concessions and catering revenues for efficiency and effectiveness. Consider working with the Food & Alcohol subcontractor to use common labels or event numbers, verifying third-party vendors on-site during events, and reviewing use fee calculations electronically.	June 2018: Based on auditor review of recent concession reports, the vendor is providing additional information, including identifying the planned third-party on-site vendors and noting the event name where names do not already match with WestWorld's records. The vendor invoices are now specifying the event location (Monterra versus other WestWorld site). As well, the vendor has been providing the electronic fee calculation spreadsheets.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3F	The Contract Administrator should formalize terms relating to the ownership of work products produced through the Food & Marketing Agreement, including ownership and maintenance of the WestWorld website and social media sites.	June 2018: The WestWorld General Manager indicated contract discussions are in progress. Sept 2018: This is still in progress. June 2019: WestWorld management reported that the contractor intends to retain ownership until the contract ends, so this matter is being further reviewed.	In Progress	<input type="checkbox"/>
1807	Scottsdale Arts Contract	Issued:	1/11/2018	
1A	The Contract Administrator should review Scottsdale Arts' use of all purpose-restricted funds at least annually to ensure compliance with the Management Services and Financial Participation Agreements.	June 2018: The Contract Administrator reported that she is working with the City Treasurer's office to review use of all purpose-restricted funds at least annually to ensure compliance with the agreements. The first review will occur in the first quarter of FY 2018/19. Dec 2018: The Contract Administrator met with Scottsdale Arts in December, and biannual meetings will be scheduled with Scottsdale Arts and the City Treasurer to ensure compliance with all purpose-restricted funds. April 2019: The Contract Administrator reported the year-end meeting will be scheduled in June 2019.	In Progress	<input type="checkbox"/>
1B	The Contract Administrator should ensure Scottsdale Arts prepares and provides the annual ten-year City Artwork Conservation and Restoration analysis, together with budget estimates for conservation and restoration by December 31 each year. Further, work to ensure that the funding restricted to conservation and restoration is appropriate.	June 2018: As indicated in the report response, Scottsdale Arts provided the annual ten-year conservation and restoration analysis in December 2017. The Contract Administrator indicated the draft Financial Participation Agreement for FY 2018/19, which is still subject to Council approval, includes an increased amount dedicated to conservation and restoration. As well, over the next 4 fiscal years, Scottsdale Arts will be awarding grants totaling \$20,000 more than the annual City allocation to repay the \$79,000 for past underspending on grants. Dec 2018: The Contract Administrator reported that Scottsdale Arts will be instead charging the personnel expenses to Public Art management and administration, thereby increasing the conservation and restoration amount by 22%, from \$98,100 to \$120,000. As well, the amount designated for Public Art management and administration increased by \$27,526 to \$600,000. The Contract Administrator scheduled a meeting in late December to discuss budget estimates for FY 2019/20. April 2019: Auditors reviewed the FY 2019/20 budget estimates for Public Art maintenance, which no longer include personnel expenses and total \$120,160.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2A	The Contract Administrator should require Scottsdale Arts to submit a financial development plan that includes specific goals for earned and non-City contributed revenues and periodically monitor the organization's plan performance.	June 2018: The Contract Administrator indicated she has discussed with Scottsdale Arts including specific goals for earned and non-City contributed revenues. She anticipates the new Management Services Agreement will have more specific requirements related to revenues. Dec 2018: The Contract Administrator reported that including more specific requirements in the new MSA will be part of a planned March 2019 City Council Work Study discussion, with the MSA perhaps being approved in April. April 2019: Based on City Council direction, the Contract Administrator reported that staff is continuing to discuss this objective and obtain a more detailed plan on how it can be realized prior to presenting the MSA to City Council on June 11.	In Progress	<input type="checkbox"/>
2B	The Contract Administrator should consider making the MSA more specific in requiring Scottsdale Arts to make progress toward financial independence. Alternatives could include stipulations that the amount of funds provided by the City will be dependent on the amount raised from non-City sources or specific performance measure goals.	June 2018: The Contract Administrator indicated she has discussed with Scottsdale Arts making the Management Services Agreement more specific regarding progress toward financial independence and new terms are being proposed. Dec 2018: The new MSA requirements will be discussed at a planned March 2019 City Council work study. April 2019: The Contract Administrator reported that after the March work study, a Council directive was not received to tie funding to specific performance measures or non-City funding, so discussions are continuing with Scottsdale Arts.	In Progress	<input type="checkbox"/>
2C	The Contract Administrator should review administrative cost percentages on a periodic basis to ensure Scottsdale Arts is maximizing use of City funds to provide the desired programs and services.	June 2018: The Contract Administrator indicated she has discussed with Scottsdale Arts adding a review of administrative cost percentages and anticipates this will be included in the new Management Services Agreement. Dec 2018: The Contract Administrator reported draft language has been added to the current draft MSA, which will be discussed at a planned March 2019 City Council work study. April 2019: The Contract Administrator reported administrative cost percentages along with other pertinent financial records will be required on an annual basis as part of the new MSA expected to be finalized and presented to City Council on June 11.	In Progress	<input type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2D	The Contract Administrator should require Scottsdale Arts to critically evaluate its performance measures and financial information each year.	June 2018: The Contract Administrator reported that she has discussed with Scottsdale Arts methods for improving the critical evaluation of its performance measurements and financial information. Dec 2018: The Contract Administrator indicated discussions have continued on methods for improving evaluation, with draft language included in the new MSA which will be discussed at a planned March 2019 City Council work study. April 2019: The Contracted Administrator reported that discussions with Scottsdale Arts are continuing to develop specific performance measures to be provided as an MSA addendum. The new MSA is expected to be finalized and presented to City Council on June 11.	In Progress	<input type="checkbox"/>
2E	The Contract Administrator should encourage Scottsdale Arts to establish artistic partnerships with local performing arts groups and consider establishing requirements for such partnerships in new agreements.	June 2018: The Contract Administrator reported she has encouraged Scottsdale Arts to establish artistic partnerships with local performing arts groups, and they have discussed adding related goals in the new Management Services Agreement. Dec 2018: The Contract Administrator reported that Scottsdale Arts has begun establishing artistic partnerships with local performing arts groups, including having local groups at the Scottsdale Center for the Performing Arts as well as other locations such as Taliesin West. Improved language has been added to the new draft MSA.	Implemented	<input checked="" type="checkbox"/>
3A	The Contract Administrator should develop a public process for non-profit arts organizations to request awards through the Community Arts Trust using similar City award processes for guidance.	June 2018: The Contract Administrator submitted a request to dedicate part of the Community Arts Trust account revenues to the Loloma School capital improvements, which the City Council approved on June 12, 2018. As well the Contract Administrator will be updating the administrative directive related to Trust expenditures to also require Council approval. Dec 2018: The City Council-approved resolution requires the community arts needs portion of fund uses to be Council approved. For a future status update, auditors will review the application and award processes. April 2019: The Contract Administrator reported that Scottsdale Arts is establishing artistic partnerships with local performing arts groups. Improved language better defining requirements will be added to the new MSA to be finalized and presented to City Council on June 11.	In Progress	<input type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3B	The Contract Administrator should maintain an inventory of art installed as part of the Art in Public Places and Cultural Improvement Programs in order to verify that Scottsdale Arts is performing its required inspections annually.	June 2018: The Contract Administrator noted there is a City GIS layer identifying the public art locations, but there is some confusion over what qualifies as Art in Public Places and what is part of the Cultural Improvement Program. For clarification, this will be discussed further with Scottsdale Arts and the City's Planning and Development Services department. Dec 2018: The Contract Administrator indicated the Cultural Improvement Fund art installation inventory was received and included in the City's GIS layer. Further, the current year's inventory inspection was submitted.	Implemented	<input checked="" type="checkbox"/>
3C	The Contract Administrator should encourage Scottsdale Arts to provide its calendar of board meeting dates on its website and to continue working to provide advance meeting agendas as close to the Council's 10-day notice policy as possible.	June 2018: The Contract Administrator has requested Scottsdale Arts post its FY 2018/19 Board meeting dates on its website, and the organization responded that it will do so on July 2. Past meeting dates, agendas and minutes are currently available. Dec 2018: Meeting dates are posted on the Scottsdale Arts website for its Board and the Public Arts advisory board meetings. However, marked agendas are not available for recent past meetings and the minutes for one meeting indicates it was held on a different date than the meeting date listing. April 2019: The Contract Administrator has met with Scottsdale Arts to further refine the agenda posting process.	In Progress	<input type="checkbox"/>
1808	Police On-Body Cameras	Issued:	6/14/2018	
1A	The Police Chief should require the OBC Working Group to regularly review user access to ensure that their system access is based on the least privilege principle. Further, access should be immediately removed from users that no longer work in SPD.	Sept 2018: The Technology, Records & Communications Director reported that user access to Evidence.com is now reviewed monthly and permissions adjusted as necessary due to organizational or employment changes. Additionally a supervisor user access group has been created to simplify managing this access.	Implemented	<input checked="" type="checkbox"/>
1B	The Police Chief should require the OBC Working Group to regularly review the user access to OBC-related network folders to ensure access rights are based on the least privilege principle.	Sept 2018: The Technology, Records & Communications Director reported that user access to network folders is now reviewed monthly and permissions adjusted as necessary due to organizational or employment changes. Additionally auditors reviewed documentation of folder access changes made.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1C	The Police Chief should require the OBC Working Group to annually review the OBC provider's SOC report to evaluate potential risks to the SPD video files.	Sept 2018:The Technology, Records & Communications Director reported that the vendor's SOC report will be reviewed annually. The next report should be completed in December. Dec 2018: The department reported that this year's SOC report has been requested. May 2019: The department's program manager reported that the SOC report was received and reviewed.	Implemented	<input checked="" type="checkbox"/>
2A	The Police Chief should require the OBC Working Group to review SPD's Evidence.com storage for untagged and uncategorized videos and require supervisors to ensure that officers complete the identification process. Further, the department should add review of the officer's Evidence.com files to its separation procedures.	Sept 2018: The Technology, Records & Communications Director reported that the department will be updating its General Order to require supervisors to review their direct reports' recordings monthly to ensure compliance. This review will be included in the department's existing out-processing procedure. And the department is working on tagging and categorizing the existing videos. Dec 2018: Auditors reviewed the updated G.O. 2114, and supervisory review responsibilities are now outlined as well as those of the OBC program administrators and other review groups. Further, the department has made substantial progress in getting videos categorized and tagged.	Implemented	<input checked="" type="checkbox"/>
2B	The Police Chief should require the OBC Working Group to update General Order 2114 to require supervisors to check videos to ensure they do not have evidentiary value and to specify the supervisory level for deletion approval. Also, retain documentation for all manually deleted OBC videos in a shared network folder and establish a retention period for the video deletion documentation.	Sept 2018: The Technology, Records & Communications Director reported that the General Order is being updated to establish the OBC Program Manager's authority for deletions. The Program Manager will ensure the recordings do not have evidentiary value prior to deletions, and documentation will be retained in a shared secured network folder for 2 years. Dec 2018: Auditors reviewed the updated General Order 2114 requirements and evidence that documentation is now being retained in a network folder restricted to the Working Group. The supervisory review requirement is still in development. May 2019: The department's program manager reported that, based on legal advice, video deletion requests citing privacy reasons will not be reviewed. Instead, the officer will be required to complete a questionnaire related to the deletion request, and this documentation will be retained for a 2-year period in accordance with the department's records retention policy.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2C	The Police Chief should require the OBC Working Group to provide supervisors with access to Evidence.com reports so that compliance reviews are more efficient and effective. Also, review Evidence.com logins periodically to ensure supervisors are logging in at least monthly.	Sept 2018: The Technology, Records & Communications Director reported that the department will be meeting with the vendor regarding planned compliance reports. Also, logon activity is now being reviewed routinely. Dec 2018: The department reported that compliance reviews will be an ongoing maintenance project, which will be performed by the OBC Program Manager. March 2019: The department reported that all sworn supervisors are now required to take a computer-based training by May 6 that clarifies the supervisory role and how to use the system. June 2019: To date, about 90% of supervisors have taken the computer based training.	In Progress	<input type="checkbox"/>
3A	The Police Chief should require the OBC Working Group to develop an overarching policy statement for the OBC program's General Order. Additionally, consider posting a summary of OBC policies on the department's website.	Sept 2018: The Technology, Records & Communications Director reported that, when updated, the General Order will include an overarching policy statement and the policy in its entirety will be posted to the department's website. Dec 2018: The department updated G.O. 2114 to include an overarching policy statement for on-body cameras and is evaluating the cost of making General Orders available on the internet. May 2019: Auditors confirmed that the department has added a summary of the on-body camera policy to its public webpage.	Implemented	<input checked="" type="checkbox"/>
3B	The Police Chief should require the OBC Working Group to define timeliness requirements for OBC video uploads and tagging and provide supervisors access to reports in Evidence.com to evaluate compliance with program requirements.	Sept 2018: The Technology, Records & Communications Director reported that a timeline (by the end of work week) is being included in the General Order update. Also, a monthly Supervisors report will include untagged/uncategorized videos, overall activity and login frequency. Dec 2018: G.O. 2114 now states that uploading, tagging and categorizing videos is to comply with Field Order 1013 for paperwork submittals. This F.O. states that reports are to be submitted one hour before end of shift to allow supervisory review and describes approval requirements for exceptions. The supervisory review requirements are still in development. March 2019: The G.O. has been revised to require camera docking and video uploading at least weekly, with certain incident types to be uploaded the same day. May 2019: While the department planned to use a vendor-created compliance report to facilitate supervisory reviews, the cost of the new reports is prohibitive. As an alternative, the program manager has created groups consisting of each supervisor's squad to make it easier to run monthly queries for supervisory reviews.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3C	The Police Chief should require the OBC Working Group to consider requiring officers to inform the other person(s) that an OBC is recording.	Sept 2018: The Technology, Records & Communications Director reported that the department will not require it, but will augment its training to exercise the practice of informing individuals that an OBC is recording. Dec 2018: The department provided the updated G.O. 2114, which now says that an officer should consider advising citizens they are being recorded if the officer believes it may de-escalate the situation and if doing so will not jeopardize officer safety.	Implemented	<input checked="" type="checkbox"/>
3D	The Police Chief should require the OBC Working Group to develop OBC training for supervisors and include the training requirements in the General Order.	Sept 2018: The Technology, Records & Communications Director reported that additional OBC training will be established to include general oversight, report management, usage activity and compliance review. This training requirement will be added to the updated General Order. Dec 2018: The department created training that was provided to this year's Sergeant candidates, and will be provided for all supervisors in 2019 via a computer-based module. G.O. 2114 was updated to note the additional supervisory training.	Implemented	<input checked="" type="checkbox"/>
1809	Development Agreements	Issued:	5/4/2018	
1A	Planning and Development Services department management should develop and implement policies and procedures to more efficiently record and monitor all requirements and deadlines included in development agreements and maintain organized documentation to verify completed requirements.	Sept 2018: The department reported that a development agreement policy is being created to outline the purpose, state statutes, definitions and process. Development Agreements are now their own case type and searchable in CDS. The department also reported that a formal application is now required for DAs, which is processed concurrently with any associated rezoning case to allow information to be readily shared. Feb 2019: Auditors reviewed the department's policies and procedures for recording and monitoring development agreements.	Implemented	<input checked="" type="checkbox"/>
1B	Planning and Development Services department management should work with the City Treasurer's office to establish and maintain a record of development agreement receivables or other financial impact to the City.	Sept 2018: The department indicated it now works with the Treasurer's office, Public Works, and Legal on development agreement terms, establishing accounts for any payments, and reviewing DA case status. Auditors reviewed documentation of one quarterly meeting and other communications as well as a recent DA accounts receivable record.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1C	Planning and Development Services department management should develop written policies and procedures to provide efficient and effective development agreement administration and oversight. This should include (see report for list).	Sept 2018: The department reported that effective 4/23/2018, the new DA case type was created and cases are searchable in CDS. Also, they are searchable on LIS and GIS databases which will track the DA case with any associated zoning case. Submittal Intake instructions guide staff in putting relevant information into CDS. The new DA policy will provide direction that all requirements are coordinated by plan reviewers through the DA review process and final implementation process. Feb 2019: Auditors reviewed the department's policies and procedures for development agreement oversight and monitoring their requirements.	Implemented	<input checked="" type="checkbox"/>
2A	Planning and Development Services department management should define records retention requirements for development agreement-related records.	Sept 2018: Auditor reviewed the department's records retention schedule to confirm that Development Agreements are now included (marked permanent). Further, the records are now included in the digital folder and available through the City website and in the document management program.	Implemented	<input checked="" type="checkbox"/>
2B	Planning and Development Services department management should develop policies and procedures for authorizing access to CDS, including role-based security groups with appropriate functions based on job duties and the "least privilege" principle.	Sept 2018: The department has now developed a four tiered role-based security group system for CDS access.	Implemented	<input checked="" type="checkbox"/>
1902	E-Verify Compliance During FY 2017/18	Issued:	9/12/2018	
1	The Purchasing Department should continue to advise Contract Administrators to emphasize the E-Verify contract requirements to contractors at the start of each contract and that the City audits for compliance with these requirements.	January 2019: Auditors reviewed copies of the new notifications Purchasing is sending to Contract Administrators at the initial contract award and for contract renewals. These notifications advise the Contract Administrator to remind contractors of E-Verification audits, insurance requirements and other contract provisions.	Implemented	<input checked="" type="checkbox"/>
1904	ActiveNet Application Controls	Issued:	5/9/2019	
1A	The Community Services Division should expand the current policies and procedures to require supervisors to justify departures from the matrix and ensure training is provided before account access is authorized. Further, CSTG should document reviews of all user accounts, including generic accounts, and require supervisory approval before reinstating a stale account. As well, the division should develop an ActiveNet remote access policy limiting access to authorized uses.		Not Due	<input type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1B	The Community Services Division should remind department staff to timely notify CSTG to remove ActiveNet access for every employee termination, even those where an employee may potentially return to City employment in the future.		Not Due	<input type="checkbox"/>
2A	The Community Services Division should work with City IT to develop a formal policy regarding the classification and handling of PII. Any ActiveNet fields containing PII should be identified and training should be provided to staff regarding the handling of customer PII.		Not Due	<input type="checkbox"/>
2B	The Community Services Division should update the Essential Records Listing with ActiveNet information.		Not Due	<input type="checkbox"/>
3A	The Community Services Division should regularly request and review contract-required security compliance reports to ensure the vendor is maintaining effective security controls.		Not Due	<input type="checkbox"/>
3B	The Community Services Division should work with Active Network to obtain activity logging reports on a continuous basis and establish a process for monitoring changes and unusual activity.		Not Due	<input type="checkbox"/>
3C	The Community Services Division should work with Active Network to create a report that will assist the division in verifying compliance with contractual fees.		Not Due	<input type="checkbox"/>
4A	The Community Services Division should consider enabling system controls requiring supervisor approval of refunds, including setting a minimum refund amount for requiring supervisor approval.		Not Due	<input type="checkbox"/>
4B	The Community Services Division should formalize incident response plans.		Not Due	<input type="checkbox"/>
4C	The Community Services Division should work with City IT to explore technical solutions for data loss prevention.		Not Due	<input type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1906	Cash Handling Controls and Accountability	Issued:	3/7/2019	
1	Department management should work with the City Treasurer's Office to ensure appropriate oversight and compliance with AR 268 Cash Handling, including daily cash balancing, segregation of duties and supervisory approval for refund transactions.	June 2019: Auditors reviewed the departments' progress in improving internal controls and timeliness of cash balancing as recommended. One department has fully implemented the recommendations, while the other two departments have additional changes to implement.	In Progress	<input type="checkbox"/>
2A	Department management should require compliance with AR 268 Cash Handling. Specifically, require supervisors to ensure cash handlers adjust shift duties to perform cash balancing in dual custody with both staff present signing the cash count documents.	June 2019: Auditors reviewed the department's current internal control processes for these two locations. The locations have additional changes to put in place.	In Progress	<input type="checkbox"/>
2B	Department management should require compliance with AR 268 Cash Handling. Specifically, require supervisors to ensure cash handlers immediately record transactions in the POS system if operationally feasible. If not operationally feasible, management should work with the Accounting Department to develop compensating controls and then request an exception to the specific AR 268 Cash Handling requirements. Additionally, supervisors should ensure wristband or similar items are prenumbered for comparison to sales, deposits and remaining wristband inventory on hand.	June 2019: Auditors confirmed the wristbands for this upcoming event are prenumbered. Additional controls and records will be reviewed after the event.	In Progress	<input type="checkbox"/>
2C	Department management should require compliance with AR 268 Cash Handling. Specifically, require supervisors to ensure only appropriately trained staff perform cash handling functions, and POS system cashiering access is removed for locations that do not have trained staff. If these locations continue to perform cashiering, ensure they understand AR 268 responsibilities, particularly ensuring documentation, daily cash balancing and proper security for sensitive financial information.	June 2019: Auditors reviewed calendar year 2019 transactions and the non-cash handling locations had not entered receipts. However, system access has not yet been removed for the staff at these locations.	In Progress	<input type="checkbox"/>
2D	Department management should require compliance with AR 268 Cash Handling. Specifically, require supervisors to ensure proper segregation of duties for receiving, reconciling and depositing cash transactions.	June 2019: Auditors reviewed May 2019 transactions for this location and found proper separation of cash handling duties is not yet consistently enforced.	In Progress	<input type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2E	Department management should require compliance with AR 268 Cash Handling. Specifically, require supervisors to ensure use of a reservation system to manage these facility reservations.	June 2019: The department reported that the location is researching facility management software for a system that can meet its needs and budgetary constraints.	In Progress	<input type="checkbox"/>
1908	Fire & Life Safety Inspections	Issued:	11/2/2018	
1A	The Fire Chief should direct the Fire & Life Safety division to evaluate inspectors' schedules to find efficiencies to ensure that the higher-risk target sites receive annual inspections.	April 2019: Management reported that the department is revising the Target list, with three classifications vetted and two remaining. The next step will be to schedule dedicated inspector time to these inspections and assess whether the annual inspection goal is realistic. The initial completion date of 7/1/19 is still considered feasible.	In Progress	<input type="checkbox"/>
1B	The Fire Chief should direct the Fire & Life Safety division to determine if performing safety inspections every three years is a realistic department goal. If the department goal is retained, evaluate schedules and find efficiencies to work toward accomplishing the goal.	April 2019: Management reported that the department's new tablet-based process for engine company safety inspections directly feeds into the records management system. When the department has a good data set of completion statistics, the three-year goal will be reassessed. The initial completion date of 7/1/19 is still considered feasible.	In Progress	<input type="checkbox"/>
2A	The Fire Chief should require the Fire & Life Safety division to develop an accurate and complete database by comparing the sites list to other City systems such as the LIS and conducting a current fire risk assessment to properly identify target properties.	April 2019: Management reported that the department is in the process of cleaning up the records management database, including target site classifications and duplicate sites. Their comparison to other City systems found no direct correlation, however, they do use those systems to ensure accuracy. The initial completion date of 7/1/19 is still considered feasible.	In Progress	<input type="checkbox"/>
2B	The Fire Chief should require the Fire & Life Safety division to establish a recurring review procedure to verify that all fire inspections have been entered in FPS.	April 2019: Management reported that it was emphasized to staff that uncompleted activities should be cleaned up on a regular basis to ensure completeness of the records. The department has assigned a recurring calendar appointment to assist in tracking this. Auditors viewed the reminder appointment and confirmed that the uncompleted activity queue contains far fewer items now, with most related to ongoing safety inspections.	Implemented	<input checked="" type="checkbox"/>
2C	The Fire Chief should require the Fire & Life Safety division to establish a review procedure to verify that FPS reports include relevant inspection information.	April 2019: Management reported that a review procedure will be added as part of the policy/guideline revisions. The initial completion date of 7/1/2019 is still considered feasible.	In Progress	<input type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2D	The Fire Chief should require the Fire & Life Safety division to require the new contracted system to record all submitted third-party fire safety inspections, not just those with identified issues, so that the division has a complete record of fire safety inspections performed in the City.	April 2019: Management reported that the new contracted system should meet the audit recommendation. Auditors viewed the new system, including how the department is able to accept or reject inspection reports received (depending on whether Scottsdale is the appropriate jurisdiction) and monitor inspection reports received and those still due.	Implemented	<input checked="" type="checkbox"/>
2E	The Fire Chief should require the Fire & Life Safety division to create policies and procedures to ensure that re-inspections occur within a specified time period based on the type of site and violation.	April 2019: Management reported that the department will implement a more formalized reinspection procedure as part of the policy/guideline revisions. Often the reinspection timelines are dictated by the type of inspection and infractions encountered. The initial completion date of 7/1/209 is still considered feasible.	In Progress	<input type="checkbox"/>
2F	The Fire Chief should require the Fire & Life Safety division to reevaluate the effectiveness of performance metrics being tracked and reported in the Budget Book. The fire plan review and fire inspection metrics should be presented separately and include context, such as percentage of required target inspections completed.	April 2019: Management reported the department is working with the budget analyst to look at opportunities for improvement if appropriate. The initial completion date of 7/1/2019 is still considered feasible.	In Progress	<input type="checkbox"/>
3A	The Fire Chief should require the Fire & Life Safety division to ensure system access is provided in accordance with the least privilege principle and adjusted as duties change and require a Fire Prevention System access review at least annually.	April 2019: Management reported that the department has reviewed all current users for the appropriate level, and they will continue to monitor access levels consistent with the least privilege principle. Auditors will review access documentation for the next update.	In Progress	<input type="checkbox"/>
3B	The Fire Chief should require the Fire & Life Safety division to ensure refunds are documented in compliance with AR 268, including written customer requests and management review.	April 2019: Management reported that the department has reviewed its practices with Accounting and implemented steps to ensure compliance with AR 268. Auditors will review refund documentation for the next update.	In Progress	<input type="checkbox"/>
3C	The Fire Chief should require the Fire & Life Safety division to ensure that the 60-day notice period is met and Council approval is obtained before requiring fees for inspection report submittals.	April 2019: Management reported that the required notice of the proposed fee was posted and the fee received Council approval. Auditors confirmed the notice was posted in November 2018 and Council approval occurred on January 8, 2019.	Implemented	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1909	Southwest Gas Franchise Agreement	Issued:	9/14/2018	
1A	The Public Works staff should work with the City Attorney's Office to evaluate whether these revenues are included under the franchise agreement terms. As applicable, seek recovery from Southwest Gas for any unpaid franchise-related fees plus the associated late payment interest charges.	January 2019: Public Works sent a letter to Southwest Gas on November 30, 2018, requesting payment of past franchise related fees and supporting documentation. A response has not yet been received. April 2019: Following a meeting to discuss this matter, Public Works sent a letter to Southwest Gas stating the City has determined, based on language in the utility's Corporation Commission filings, it will accept franchise fee payments on gross revenues excluding ancillary revenues.	Implemented	<input checked="" type="checkbox"/>
1B	The Public Works staff should work with the City Attorney's Office to require Southwest Gas to provide accurate and complete supporting documentation, including support for any excluded customer revenues generated within Scottsdale boundaries.	January 2019: Public Works sent a letter to Southwest Gas on November 30, 2018, requesting payment of past franchise related fees and supporting documentation. A response has not yet been received. April 2019: Following a meeting to discuss the issues, Public Works sent a letter to Southwest Gas requesting documentation that all accounts designated as tax exempt or excluded are now paying the applicable Franchise fee and Capital Expenditures fee. Southwest Gas responded that the applicable accounts are currently being adjusted to pay the fees and documentation will be provided.	Implemented	<input checked="" type="checkbox"/>
2	The Public Works staff should require Southwest Gas to periodically submit the service address jurisdiction coding of selected address areas for verification.	January 2019: Public Works plans to send a request by January 31 for calendar 2018 data for an initial check on service address jurisdiction. April 2019: Following a meeting to discuss the issues, Public Works sent a letter to Southwest Gas requesting documentation that all customer accounts identified as having incorrect jurisdiction codes have been corrected and to work with the Real Estate department to allow biannual reviews of accounts within the three zip codes. Southwest Gas responded that the jurisdiction codes are being corrected and the company will work with Real Estate for the requested biannual reviews.	Implemented	<input checked="" type="checkbox"/>
3	None (informational).		Not Applicable	<input checked="" type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1910	Utility Billing	Issued:	1/17/2019	
1A	Business Services management should ensure Utility Billing develops a formal quality control review process to help identify entries with incorrect amounts, calculation errors, or insufficient documentation. Also, the department should consider developing an automated method to upload UB Communicator bill requests into NorthStar.	April 2019: Business Services management worked with NorthStar support to create a report of account adjustments and created an internal policy for supervisory review and documentation.	Implemented	<input checked="" type="checkbox"/>
1B	Business Services management should ensure Utility Billing improves its NorthStar reconciliation process to include all related general ledger accounts.	April 2019: Business Services management worked with NorthStar support to update and implement the automated reconciliation report to include all related accounts.	Implemented	<input checked="" type="checkbox"/>
2	Utility Billing should take reasonable steps to verify that the rates provided by the Solid Waste and Water departments agree to the rates authorized by the City Council or approved by the department director. For ongoing special rates, Utility Billing should question why the rates have not been submitted for Council approval.	April 2019: Business Services plans to review the council-approved rates and work with the departments to verify those provided for NorthStar entry.	In Progress	<input type="checkbox"/>
3	Utility Billing should not provide system access for employees with incompatible duties to enter account adjustments or should ensure management review of those entries.	April 2019: Business Services reported that employees are provided appropriate system access and the account adjustment report implemented in February 2019 is being monitored.	Implemented	<input checked="" type="checkbox"/>
1912	Fleet Parts Operation	Issued:	4/26/2019	
1A	The Fleet Management Director should ensure the Equipment Parts Supervisor reviews all inventory discrepancies before adjustments are made and Parts staff retain all inventory count records. In addition, require Parts staff to properly dispose of obsolete parts and re-evaluate which parts need to be tracked in inventory considering their unit value.		Not Due	<input type="checkbox"/>
1B	The Fleet Management Director should install electronic keypads on the three Parts room doors and install security cameras in each storage room. Further, limit Parts room access to the Parts staff and necessary management.		Not Due	<input type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1C	The Fleet Management Director should improve FASTER system access by removing unnecessary system administrator accounts and tracking user access changes. Further, FASTER system access should be regularly reviewed to ensure former employees are deactivated and access is based on the least privilege principle.		Not Due	<input type="checkbox"/>
2A	The Fleet Management Director should re-evaluate the current performance measure considering the context of inventory carrying costs. Specifically, work with departments to categorize vehicles as either essential or non-essential and determine backup availability to establish service turnaround requirements.		Not Due	<input type="checkbox"/>
2B	The Fleet Management Director should re-evaluate the Parts inventory according to the need-driven vehicle turnaround priorities, item turnover rates and parts delivery lead-times. Identify high-priority items that require long lead-times or are for essential vehicles to determine which items are kept in stock.		Not Due	<input type="checkbox"/>
2C	The Fleet Management Director should adjust the Parts room schedule to align with the volume of parts issued and provide for balanced supervisory time for the staff on each shift.		Not Due	<input type="checkbox"/>
1913	Benefits Administration	Issued:	1/16/2019	
1A	Human Resources management should re-evaluate the use of consultants to conduct City procurements and involve the Purchasing department to ensure future procurements comply with City Procurement Code. Further, obtain and retain the documentation of the process and proposals for procurements conducted by consultants.	April 2019: Human Resources and Purchasing management reported that they are working together to ensure that the benefit contracts will follow all City requirements, including retaining appropriate procurement documentation. In particular, the departments have begun working on the RFP for one of these agreements.	In Progress	<input type="checkbox"/>
1B	Human Resources management should work closely with the Purchasing department to ensure that contracts are publicly awarded and extended in accordance with the City's Procurement Code and the contract's terms. Specifically, ensure documentation is retained of the Contract Administrator's analysis and recommendations and the Purchasing Director's concurrence when applicable.	April 2019: Human Resources and Purchasing management reported that they are working together to ensure that the benefit contracts will follow all City requirements, including retaining appropriate procurement documentation. In particular, the departments have begun working on the RFP for one of these agreements. Additionally, the Contract Administrator is using a contract matrix to track and document requirements.	In Progress	<input type="checkbox"/>

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1C	Human Resources management should ensure future benefit-related agreements include clearly defined contract services and deliverables, with specific, measurable and time-based descriptions.	April 2019: Human Resources management reported that the Contract Administrator will work with Purchasing on all future benefit-related agreements for their expertise to help define contract services and deliverables with specific and measurable descriptions.	In Progress	<input type="checkbox"/>
1D	Human Resources management should transfer the \$11,750 to the current 457(b) Plan provider to be used for administrative fees.	April 2019: Human Resources management reported that, in consultation with Accounting, rather than transferring the money to the Plan provider, they will directly pay the consultant's invoices up to the \$11,750 total. The first invoice for \$6,237.50 was paid in February. The balance is expected to be paid out in May or June 2019.	In Progress	<input type="checkbox"/>
2	Human Resources management should ensure applicable third-party agreements contain language to reasonably ensure employee PII and PHI is adequately safeguarded.	April 2019: In addition to information stated in the initial response, Human Resources management reported that the investment consultant stated it does not have access to PII or PHI data and it is reviewing other providers to determine if a Business Associate Agreement is needed. Auditors will review upcoming benefit contracts for the PII and PHI related contract language.	In Progress	<input type="checkbox"/>
3A	Human Resources management should ensure staff monitor use of the available Wellness/Health Improvement Fund to maximize employee wellness programs provided each year. In addition, work with the City Treasurer's office to submit the claims and properly direct the resulting reimbursements.	April 2019: Human Resources management reported the Contract Administrator has worked with Accounting to develop a new account number for tracking and a written process to follow. Auditors will review the FY 2018/19 reconciliation and related transactions for the next update.	In Progress	<input type="checkbox"/>
3B	Human Resources management should ensure the Contract Administrator maintains organized, complete and easily accessible contract files, including correspondence, conversation notes, issue resolution and other data pertinent to the contract.	April 2019: Human Resources management reported that benefit-related contract files have been created or updated and are secure, including electronic folders to organize correspondence, issue resolutions, notes and other information pertinent to each contract. A contract matrix has been created for each contract to define deliverables, due dates, and other notes. Auditors will review completeness of this documentation for the next update.	In Progress	<input type="checkbox"/>
3C	Human Resources management should ensure access to network folders containing PHI and PII is limited to only those staff with a business need to access the information for their day-to-day job duties.	April 2019: Human Resources management reported that a separate folder was created for the one staff needing access to certain limited benefit-related information. Auditors confirmed her access was adjusted during the audit.	Implemented	<input checked="" type="checkbox"/>